

Originally Processed With FOIA(s):
2009-0166-S

FOIA Number:
2009-0166-S

FOIA MARKER

**This is not a textual record. This is used as an
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Library Staff.**

Record Group/Collection: George H.W. Bush Presidential Records
Collection/Office of Origin: Office of the President
Series: Daily Files
Subseries:

OA/ID Number: 90517
Folder ID Number: 90517-006

Folder Title:
Friday, July 21, 1989

Stack:	Row:	Section:	Shelf:	Position:
V	12	11	3	4

Withdrawal/Redaction Sheet (George Bush Library)

Doc. No. / Type	Subject/Title	Date	Restriction	Classification
01. Schedule	Schedule of the President [redaction] (1 pp.)	07/21/89	(b)(3)	
02a. Log	White House Telephone Log [E.D.T.] [redaction of personal information] (2 pp.)	07/21/89	(b)(6)	
02b. Log	White House Telephone Log [Signal Switchboard] [redaction of personal information] (1 pp.)	07/21/89	(b)(6)	
03a. Memo	From Roger B. Porter to Governor Sununu Re: Steel Trade (3 pp.)	07/19/89	(b)(1)	
03b. Chart	Alternative Proposal for Steel VRA Program: Impact on Import Penetration (1 pp.)	07/19/89	(b)(1)	
03c. Memo	For the United States Trade Representative Re: Steel Import Relief Determination (2 pp.)	07/89	(b)(1)	
03d. Paper	Decision Paper on President Bush's Steel Liberalization Program (1 pp.)	n.d.	(b)(1)	C
03e. Chart	Import Penetration (1 pp.)	n.d.	(b)(1)	C
03f. Chart	Semifinished Import Statistics (1 pp.)	n.d.	(b)(1)	C
03g. Chart	Specialty Steel Import Statistics (1 pp.)	n.d.	(b)(1)	C

Page 1 of 3

Collection:

Record Group: Bush Presidential Records
Office: Office of the President
Series: Daily Files
Subseries:
WHORM Cat.:
File Location: Friday, July 21, 1989

Pinksheet Number: dw1391
OA/ID Number: 90517-006
Date Closed: 6/24/2009
FOIA/Sys Case #: 2009-0166-S
Re-review Case #:
P-2/P-5 Review Case #:

Withdrawal/Redaction Sheet

(George Bush Library)

Doc. No. / Type	Subject/Title	Date	Restriction	Classification
03h. Memo	From The Economic Policy Council to President Bush Re: Steel VRA Program (13 pp.)	06/26/89	(b)(1)	C
04. Memo	From Rogert B. Porter to Governor Sununu Re: Steel Decision (3 pp.)	06/28/89	(b)(1)	
05. Memo	From Roger B. Porter to Governor Sununu Re: Objectives on the Environment at the Paris Summit (2 pp.)	06/30/89	(b)(1)	
06. Memo	From Rogert B. Porter to Governor Sununu Re: Summit Preparatory Meeting on the Environment (2 pp.)	06/30/89	(b)(1)	
07. Memo	From Roger B. Porter to Governor Sununu Re: The Steel Import Decision (2 pp.)	06/30/89	(b)(1)	
08. Memo	From Nicholas F. Brady to President Bush Re: Steel VRA Program (3 pp.)	07/03/89	(b)(1)	C
09. Letter	From James C. Oberwetter to George Bush Re: personnel selections [redaction of personal information] (1 pp.)	07/06/89	(b)(6)	
10a. Note	From George Bush to Jonathan Bush Re: Menem and Lanus letters [redaction of personal information] (1 pp.)	07/21/89	(b)(6)	
10b. Letter	From Jonathan Bush to George Bush Re: letters to President Menem and Deputy Minister Lanus [redaction of personal information] (1 pp.)	07/11/89	(b)(6)	

Page 2 of 3

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Doc. No. / Type	Subject/Title	Date	Restriction	Classification
10c. Letter	From Jonathan Bush to Deputy Minister Lanus Re: Concert at Colon Theatre [Spanish version] [redaction of personal information] (1 pp.)	07/11/89	(b)(6)	
10d. Letter	From Jonathan Bush to President Menem Re: United States Delegation's trip to the Inauguration [Spanish version] [redaction of personal information] (1 pp.)	07/11/89	(b)(6)	

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From the desk of

George Bush

Box 7

[Originally attached to front folder flap]

Photocopy from George Bush Presidential Library

Bush Library Photocopy
George Bush Handwriting

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(b)(9) Release would disclose geological or geophysical information



SCHEDULE OF THE PRESIDENT

Friday, July 21, 1989

8:00 am (15 min)	<u>Intelligence Briefing</u> (Scowcroft/Sununu)	Oval Office
8:15 am (30 min)	<u>National Security Briefing</u> (Scowcroft/Sununu)	Oval Office
8:45 am (30 min)	<u>Meeting with Governor Sununu</u>	Oval Office
9:15 am (45 min)	<u>Administrative Time</u> <i>Sununu + Porter</i>	Oval Office
10:00 am (15 min)	<u>Captive Nations Week Ceremony</u> (Demarest) (TAB A)	Rose Garden
10:15 am (15 min)	<u>Personal Staff Time</u>	Oval Office
10:30 am (45 min)	<u>Meeting with Republican Members of the House of Representatives</u> (McClure) (TAB B)	Cabinet Room
11:15 am (15 min)	<u>Personal Staff Time</u> <i>(George Walker)</i>	Oval Office
11:30 am (30 min)	<u>Photo Opportunities</u> (TAB C) 1. H. Robert Heller (Untermeyer) 2. Departing NSC Staff (Scowcroft) 3. Gordon Wheeler (McClure) 4. Margaret Caccia (Anderson) 5. White House Summer Interns (Hagin)	Oval Office Rose Garden
12:00 pm (60 min)	<u>Lunch with the Vice President</u>	Oval Office
1:00 pm (30 min)	<u>Personal Staff Time</u>	Oval Office
1:30 pm (30 min)	<u>Meeting with Secretary Baker</u>	Oval Office

UNP 07/20/89
5:00



2:00 pm
(20 min)

Ceremony for Transmittal
of Proposed Legislation
on Clean Air
(McClure)

Rose Garden

(TAB D)

2:30 pm
(30 min)

Meeting with Governor Sununu

Oval Office

3:00 pm

B Depart. for Camp David

South Lawn

7:21 add Gov. Sununu + Lucretia 7:31 at water out 7:35 Sununu out
8:00 add Bates, Scowcroft + [redacted] 8:02 add Sununu 8:03 Sununu out
8:05 Sununu in 8:23 [redacted] (b)(3) out 8:24 V.P. in 8:33 Bates + Scowcroft out
8:44 add Porter 9:09 Porter out 9:12 V.P. + Sununu out 9:19 Sununu in
9:33 Sununu out 9:59 add V.P. 10:00 President + V.P. to Rose Garden
10:01 Potes remarks 10:11 conclude remarks 10:12 Potes on Oval
10:19 Sununu in 10:22 Sununu out 10:30 add McClure
10:32 Potes to Cabinet Pm 11:28 Potes to Oval 11:29 add John Walker
(Potes cousin)
11:35 Walker out 11:36 add Heller family + Chase U. 11:38 Heller et al out
11:39-11:42: NSC photos 11:42-11:46: Wheeler family 11:47-11:48 Cicci et al
11:54 add VP, Potes + VP to S. grounds for intern photos.
12:00 Potes + VP to Oval 12:53 V.P. out 12:55 add Scowcroft
1:04 Scowcroft out 1:09 add Michael Sargeant (WH Photo) + father, Frank
1:11 Sargeant's out 1:22 add Firestone 1:31 Firestone out
1:31 add Baker, Scowcroft, Engleburger 1:56 add Sununu 1:59 add Cicci
2:00 Potes to Rose Garden 2:01 Remarks 2:07 conclude remarks - signing
2:10 Potes to Oval 2:29 Firestone in 2:31 Firestone out
2:36 add Andy Card 2:37 Card out 2:41 add Sununu
2:55 Sununu out 3:01 Potes to S. lawn 3:04 dpt WH

UNP 07/20/8
5:00 F

Photocopy from George Bush Presidential Library

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THE WHITE HOUSE

WASHINGTON

TELEPHONE MEMORANDUM

E.D.T. PRESIDENT BUSH

JULY 21

, 19 89

	TIME			NAME	ACTION
	PLACED	DISC			
OUT	AM			PAULA RENDON OFC: WASHINGTON, D.C. WHITE HOUSE ADMIN EXT. 842	DA TLKD-OK 7:55AM
INC	7:48	PM	7:56		
OUT	AM				
INC	PM				
OUT	9:34	AM		SENATOR FRANK MURKOWSKI OFC: WASHINGTON, D.C. 224-8622	PRESUS NOT AVAILABLE TLKD TO PATTY
OUT	AM				PRESOCK
INC	PM				
OUT	AM				
INC	PM				
OUT	9:37	AM	9:40	SENATOR MARK O. HATFIELD (b)(6)	TLKD-OK
INC	PM	XX			
OUT	AM				
INC	PM				
OUT	10:20	AM	10:21	MRS. BARBARA BUSH RES. WASHINGTON, D.C. WHITE HOUSE ADMIN EXT. 530	TLKD-OK
INC	PM	XX			
OUT	AM				
INC	PM				
OUT	AM	XX		SECRETARY JAMES A. BAKER OFC. WASHINGTON, D.C. WHITE HOUSE ADMIN EXT. 420	TLKD-OK
INC	12:25	PM	12:29		
OUT	AM				
INC	PM				

THE WHITE HOUSE

WASHINGTON

TELEPHONE MEMORANDUM

E.D.T. PRESIDENT BUSH

JULY 21, 1989

	TIME		DISC	NAME	ACTION
	PLACED				
OUT		AM		SENATOR CHARLES S. ROBB OFC. WASHINGTON, D.C. 224-4024	OUT OF OFC. AVAILABLE AFTER 2PM TOLD PRESUS LW
INC	12:40	PM	1:33		
OUT		AM			12:42PM TLKD-OK 1:32PM
INC		PM			
OUT		AM			
INC		PM			
OUT		AM		SECRETARY BOB MOSBACHER OFC: WASHINGTON, D.C. WHITE HOUSE ADMIN EXT. 434	LW TOLD MRS.PRESOCK AT LUNCH
INC	1:21	PM			
OUT		AM			
INC		PM			
OUT		AM		JAMES OBERWETTER DALLAS. TX. 214-720-2011	AT LUNCH WILL CALL BACK FROM PRIVATE PHONE
INC	2:18	PM	2:23		
OUT		AM			TLKD-OK 2:20PM
INC		PM			
OUT		AM			
INC		PM			
OUT		AM		GENERAL BRENT SCOWCROFT OFC: WASHINGTON, D.C. WHITE HOUSE ADMIN EXT. 653	TLKD-OK
INC	3:00	PM	3:01		
OUT		AM			
INC		PM			
OUT		AM			
INC		PM			

THE WHITE HOUSE
WASHINGTON

TELEPHONE MEMORANDUM

E.D. T. PRESIDENT BUSH

JULY 21

, 19 89

	TIME		NAME	ACTION
	PLACED	DISC		
OUT	AM		MRS. JAMES COLLINS	WAITING FOR MRS. COLLINS
xyx INC	6:03 PM	6:18	(b)(6)	TLKD-OK 6:16PM
OUT	AM			
INC	PM			
OUT	AM			
INC	PM			
OUT	AM			
INC	PM			
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INC	PM			

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THE WHITE HOUSE
WASHINGTON

TELEPHONE MEMORANDUM
SIGNAL SWITCHBOARD

July 21, 1989

	TIME		NAME	ACTION
	PLACED	DISC		
OUT	AM		Mr. Marlin Fitzwater Office, Washington, D.C. 456-2100	Tlkd-ok 3:45 PM
INC	3:43 PM	3:48		
OUT	AM		Ms. Patty Presock Residence, Herndon, Virginia White House Signal 2-3804	Tlkd-ok 4:59 PM
INC	4:57 PM	5:02		
OUT	AM		Mr. Charles G. Untermeyer Union Station, Washington, D.C. 789-9898	Tlkd-ok 7:06 PM
INC	6:58 PM	7:08		
OUT	AM		Mrs. Dorothy LeBlond (b)(6)	Tlkd-ok 7:35 PM
INC	7:34 PM	7:40		
OUT	AM			
INC	PM			
OUT	AM			
INC	PM			
OUT	AM			
INC	PM			
OUT	AM			
INC	PM			
OUT	AM			
INC	PM			
OUT	AM			
INC	PM			

Photocopy from George Bush Presidential Library

PRESIDENTIAL MOVEMENTS

LOCATION Washington, D.C.
Camp David, Maryland

DATE 21 July 1989

[illegible]

Friday, July 21

5:15 Mrs. Bush to the South Grounds
5:30 Mrs. Bush to the South Grounds
5:30 Breakfast for President and Mrs. Bush
6:46 The President to the Oval Office
8:18 Mrs. Bush to the Swimming Pool
9:10 Mrs. Bush to the Second Floor
10:00 Peggy Swift to Second Floor 10:22 down
10:00 The President to the Rose Garden for Captive Nations Week
Ceremony
10:23 Abby Kandesh (Spelling) and Susan Porter Rose
to Second Floor
12:30 Lunch for Mrs. Bush
1:00 Appointment for Mrs. Bush to the Second Floor
1:20 down
2:00 The President to the Rose Garden for Signing of Clean Air
Transmittal Legislation
2:10 The President to the Oval Office
2:55 Mrs. Bush to the South Portico
3:05 The President to the South Grounds to join Mrs. Bush, on to
Camp David



News Summary

OFFICE OF THE PRESS SECRETARY

FRIDAY, JULY 21, 1989 -- 6 a.m. EDT EDITION

TODAY'S HEADLINES

INTERNATIONAL NEWS

Bush Heads Off Helms' Move To End U.S.-PLO Dialogue -- President Bush beat back a serious challenge to his Middle East peace policy Thursday by engineering the defeat in the Senate of a proposal to end U.S. negotiations with members of the PLO. (Los Angeles Times, Washington Post)

NATIONAL NEWS

Bush Urges Commitment To New Space Exploratoion -- President Bush Thursday proposed that the U.S. make the planned space station Freedom the first step in a "long-range continuing commitment" to manned exploration of the solar system and directed the National Space Council to draw up "as soon as possible" a plan for establishing a base on the moon and sending astronauts to Mars. (Washington Post, Reuter)

Fed Foresees Slow Growth In Economy -- Most Federal Reserve policymakers are prepared to see the economy grow at only a 1 percent annual rate in the second half of this year and 1.5 percent to 2 percent in 1990, Fed Chairman Greenspan told Congress Thursday. (Washington Post, Reuter)

NETWORK NEWS (Thursday evening)

SPACE POLICY -- President Bush said we must commit ourselves anew to a sustained program of manned exploration of the solar system.

ECONOMY -- Fed Chairman Greenspan told Congress he's more worried about a recession than about inflation.

OAS/PANAMA -- The OAS called for transfer of power on Sept. 1 in Panama, but did not say specifically that Noriega should step down.

INTERNATIONAL...A-1

NATIONAL NEWS...A-5

NETWORK NEWS....B-1

EDITORIALS.....C-1

INTERNATIONAL NEWS

BUSH HEADS OFF HELMS' MOVE TO END U.S.-PLO DIALOGUE

President Bush beat back a serious challenge to his Middle East peace policy Thursday by engineering the defeat in the Senate of a proposal to end U.S. negotiations with members of the PLO.

Responding to an impassioned letter from the President, the Senate voted, 75 to 23, to reject a measure by Helms that would have prohibited negotiations with PLO leaders responsible for past acts of terrorism against Americans. Instead, the Senate voted, 97 to 1, for a weaker measure that will allow talks with the PLO to continue.

(Sara Fritz, Los Angeles Times)

Senate Defeats Proposal To Curtail U.S. Contacts With PLO

The Bush Administration joined in a formidable alliance with the bipartisan leadership of the Senate Thursday to crush an effort to curtail U.S. contacts with the PLO as part of the Middle East peace process.

After a strongly worded appeal from President Bush was read on the Senate floor by Sen. Mitchell, the Senate voted 75 to 23 to reject the proposal and then approved a far less restrictive alternative by a vote of 97 to 1....

The Sen. Helms proposal [that would have limited talks with the PLO] was "wholly inconsistent with the Constitution...an unwarranted and unacceptable intrusion by the legislative branch on the powers and responsibilities of the presidency," Bush said in an assertion that drew agreement from Sen. Mitchell. (Helen Dewar, Washington Post, A6)

SENATE VOTES TO AUTHORIZE MILITARY AID FOR CAMBODIA RESISTANCE

The Senate voted 59 to 39 Thursday to give the Bush Administration authority to provide military aid to the non-communist resistance in Cambodia.

The Administration-backed measure was attached as an amendment to a State Department bill....

"If we do nothing we only increase the prospects for further civil war and heighten the possibility of the return of the murderous Khmer Rouge," Sen. Robb said....

Leading the opponents, Sen. Cranston warned senators that the U.S. would be embarking on a course that could lead the U.S. military involvement and could derail the peace process as Vietnamese troops prepare to pull out of Cambodia. (William Scally, Reuter)

BEIJING COUNTERATTACKS AGAINST WESTERN CRITICS, SANCTIONS

BEIJING -- In its second major counterattack this week on Western government critics, China said Thursday that the U.S. congressional calls for trade sanctions "grossly interfere in China's internal affairs and seriously hurt the national feeling of the Chinese people."

The statement of the Foreign Affairs Committee of the National People's Congress said the American legislature "slandered and attacked the Chinese government in a groundless manner" in separate sanctions amendments approved by the Senate and House. China's Foreign Ministry, meanwhile, told U.S. Ambassador Lilley that the legislators were pursuing "power politics."

(Jay Mathews, Washington Post, A26)

-more-

U.S.-MADE JETS MAY HAVE FLOWN TROOPS TO BEIJING

U.S. civilian jetliners like those the Bush Administration recently decided to exempt from sanctions and sell to China probably transported government troops who suppressed pro-democracy protests in Beijing, according to U.S. officials.

China's use of the previously delivered aircraft as troop transports, while not appearing to violate any restrictions on their sale, raises new questions about the Bush Administration's decision to sell more jetliners to the communist government and could fan sentiment in Congress against new sales.

"There have been reports that in the period before and after June 4, aircraft of a variety of origin, including U.S. origin, were used to ferry troops," the State Department said in a brief statement responding to inquiries by the Washington Times.

(Warren Strobel, Washington Times, A7)

WEARY SENATE COMPLETES WORK ON FOREIGN AFFAIRS BILL

A weary Senate voted early Friday to approve a State Department authorization bill after decorating it with scores of amendments expressing its opinion on events all over the world....

Senators rebuffed the Administration by voting new sanctions against China early in the debate but went along Thursday with an Administration request to grant it authority to provide military assistance to the non-communist resistance in Cambodia....

As the debate drew to a close Sen. Helms, in one of his numerous proposals troubling to the Administration, won Senate support for an amendment toughening conditions under which the U.S. and the Soviet Union could occupy new embassies in each other's capitals. Helms won a 56 to 42 vote to scrap new, softer language that required that the Moscow embassy could be "safely and securely used" and that "all feasible steps" had been taken to eliminate security damage from the Washington embassy.

(William Scally, Reuter)

OAS CALLS FOR POWER TRANSFER IN PANAMA BY SEPT. 1, NEW ELECTION

The OAS, ignoring U.S. fears of giving Gen. Noriega a possible way to retain control in Panama, Thursday called for establishment of a transitional government by Sept. 1 followed by new presidential election "as soon as possible."

Foreign ministers of the 31-nation group concluded two days of private negotiations by instructing three mediators to help Panamanians factions negotiate "through democratic mechanisms and in accordance with domestic procedures in effect in Panama, a transfer of power on Sept. 1 and the holding of free elections as soon as possible." ...

U.S. officials fear that indefinite phrases such as "a transfer of power" and "domestic procedures in effect in Panama" could permit Noriega to replace the figurehead provisional president, Manuel Solis Palma, with another civilian under his control. (John Goshko, Washington Post, A27)

CALLED NORIEGA'S PATSY, GEN. WOERNER TO RETIRE

Gen. Frederick Woerner, commander of the U.S. Southern Command in Panama, is being retired early because the Bush Administration is dissatisfied with his handling of Panamanian strongman Noriega, officials said Thursday.

Gen. Woerner, who has been privately accused of being a "wimp" by at least one senior Republican senator and whose ouster has long been demanded by Gen. Noriega, is to be replaced by another four-star general with more clout in the Pentagon, [Gen. Maxwell Thurman]....

In a letter released Thursday, Defense Secretary Cheney told Gen. Woerner the nation "has been fortunate throughout its history in having men of your caliber willing to devote their talents and energies to the military aspects of national security." ...

"He is definitely being fired," a military official said.

(Peter Almond, Washington Times, A5)

EXPORT-IMPORT BANK TO HELP FINANCE ARMS SALES TO COLOMBIA

The U.S. Export-Import Bank announced Thursday that it will help finance a \$200 million sale of U.S. military hardware to the Colombian military, a deal U.S. officials said will escalate that country's war against drug traffickers and leftist guerrillas....

U.S. officials said the new equipment will be used to aid "ground and combat assault operations," and is particularly critical in Colombia where well-entrenched cocaine cartels are believed responsible for four-fifths of the cocaine smuggled into the U.S....

The Export-Import Bank will guarantee \$170 million of the \$200 million sale. Although the bank approved it for anti-narcotics purposes, U.S. officials acknowledged there is nothing to prevent the Colombians from using the equipment in its separate war against leftist guerrillas.

(Michael Isikoff, Washington Post, A24)

ASPIN WOULD FREEZE B-2 FUNDS UNTIL PROGRAM IS SCALED BACK

Rep. Aspin, responding to a widening controversy over the high cost of the B-2 "stealth" bomber, said Thursday he will propose withholding funds for new aircraft until the Air Force agrees to buy fewer than planned....

Aspin said his bill...would allow no more than four planes to be built in the next two years, instead of eight as requested by the Administration.... It also will require Defense Secretary Cheney to order the first, independent assessment of Soviet capabilities to down the B-2 and other bombers if they flew over Soviet territory.

(Jeffrey Smith, Bill McAllister & Dan Balz, Washington Post, A19)

GORBACHEV SIGNALS AIMING FOR PURGE OF PARTY LEADERSHIP

MOSCOW -- Soviet leader Gorbachev is aiming for a purge of conservatives from the ruling Communist Party at all levels, including the top leadership.

"The ranks of party officials need renewal, a flow of fresh blood," he told a meeting of Communist leaders from all over the country Tuesday, according to a text published in the party daily Pravda. "They need to be renewed at the level of the shop-floor, the district, the city, the region, the republic, the Central Committee and the Politburo," Gorbachev declared.

(Reuter)

COAL STRIKES SPREAD IN USSR Miners Shun Heads Of Official Unions, Set Up Committees

YAGUNOVSKO -- Disgusted by their living conditions and emboldened by the historic strikes here in western Siberia, Soviet coal miners in Central Asia, the polar north, southern Russia and throughout the Ukraine walked off their jobs Friday, demanding immediate action from the central government....

Workers throughout the country have rejected their trade union leaders, who are widely considered mouthpieces of the government, and are instead being led by their own improvised strike committees. Some workers, including one interviewed on national television Thursday night, are calling for a nationwide congress of miners led by representatives of the strike committees. (David Remnick, Washington Post, A1)

Siberian Miners Return But No Sign To End Of Other Strikes

MOSCOW -- Miners in the Siberian Kuzbass region completed a return to work overnight after a crippling 10-day stoppage, but pit strikers in the Ukraine and elsewhere were continuing, Soviet media said Friday.

"By the night of July 20, working rhythm had been restored at all the mines and enterprises in the (Kuzbass) region which had been stopped by the decision of the strike committees," Tass said. (Reuter)

IRAN-CONTRA PROBE CONTINUES; WALSH SEEKS TESTIMONY

Independent counsel Lawrence Walsh said Thursday he has been forced to continue his nearly three-year investigation into the Iran-Contra affair largely because he has been unable to interview "some of the witnesses who may be best informed."

Walsh did not identify those witnesses, but his comments during a court hearing appeared to refer to former National Security Adviser Poindexter and Oliver North....

Sources familiar with Walsh's investigation have said repeatedly that Walsh always has been interested in obtaining evidence from North and Poindexter, particularly on then-President Reagan's role in the Iran-Contra affair. (Joe Pichirallo, Washington Post, A8)

IDEA TAKES SHAPE: A WOMAN MAY BE JAPAN'S NEXT CHIEF

TOKYO -- The idea that Takako Doi might one day lead Japan was unthinkable only a few months ago, but it is taking shape among the growing numbers of dissatisfied voters now supporting the woman who leader the Japan Socialist Party....

According to all the polls, the JSP is likely to benefit the most in Sunday's elections for the upper house of the national Diet because of the growing voter dissatisfaction with the Liberal Democratic Party.

(Elisabeth Zingg, Agence France-Presse, Washington Times, A9)

NATIONAL NEWS

BUSH URGES COMMITMENT TO NEW SPACE EXPLORATION Objectives Include Moon Base, Mars Mission

President Bush Thursday proposed that the U.S. make the planned space station Freedom the first step in a "long-range continuing commitment" to manned exploration of the solar system and directed the National Space Council to draw up "as soon as possible" a plan for establishing a base on the moon and sending astronauts to Mars.

"We cannot take the next giant leap for mankind tomorrow unless we take a single step today," he said....

The speech drew immediate fire from Congress for its lack of specifics and the absence of a funding commitment. Key congressional Democrats and some Republicans praised Bush's vision of an expanded space program but complained that, on the issue as on others, Bush has outlined worthy goals but offered no practical way to carry them out....

The Apollo anniversary address, delivered on the steps of the Air and Space Museum to a rare large gathering of astronauts and international space officials, was the strongest expression of support for the space program by a president in years. Space advocates described it as "a beginning" and the best they could hope for in the current federal budget climate....

Sen. Gore,...supporter of a manned mission to Mars, called the Bush speech "a daydream as splashy as a George Lucas movie."

(Kathy Sawyer, Washington Post, A4)

Bush Sets America's Goals In Space: Moon, Mars And Supremacy

President Bush proposed Thursday that U.S. astronauts return to the moon early in the 21st century and then blast off for Mars on a "journey into tomorrow" to reestablish American supremacy in space exploration.

Bush chose the 20th anniversary of the first manned moon landing to unveil his vision of a new "pathway to the stars."

Although critics in Congress ridiculed his proposal on grounds of enormous and unspecified cost, calling it a "daydream" and "one giant step for starry-eyed political rhetoric," Bush threw his weight behind grand goals designed to reinvigorate the troubled U.S. program and restore America to preeminence in an area long dominated by the Soviet Union....

He promised long-range, continuing commitment that would include the launching of Space Station Freedom....

"For the new century, back to the moon, back to the future and this time back to stay. And then a journey into tomorrow, a journey to another planet, a manned mission to Mars," said Bush, who set no specific timetable nor allocated any budget for his ambitious space goals.

(Gene Gibbons, Reuter)

Manned Space Station Survives House Vote;
Lawmakers Debate Spending Priorities

The House, engaging in a full-blown debate on the space program on the 20th anniversary of the Apollo 11 mission to the moon, Thursday easily defeated an attempt by liberal Democrats to slash funding for development of a manned space station.

The 291 to 125 vote preserved \$1.6 billion for research and development of the orbiting space platform. It came as the House passed by voice vote a \$65.1 billion appropriations bill covering the departments of Veterans Affairs and HUD and several independent agencies....

Rep. Schumer and other Democrats argued that the nation can ill-afford massive spending on space exploration that siphons funds from other domestic programs, and criticized President Bush for proposing to expand the space program while refusing to support a tax increase to pay for it.

(Tom Kenworthy, Washington Post, A4)

BUSH EXTENDS SYMPATHY TO IOWA AIR CRASH VICTIMS

President Bush offered condolences Thursday to families and friends of 107 airline passengers dead or missing in the crash of a United Airlines DC-10 jumbo jet in Iowa.

"Barbara and I extend our deepest sympathy," Bush said in a written statement. "Our hearts -- indeed, the hearts of all Americans -- go out to them in their time of sorrow.... I am sure I speak for many when I commend the extraordinary efforts of the airport personnel, rescue teams, National Guardsmen and local citizens who rushed to the crash scene to offer aid," Bush said. "The compassion and generosity demonstrated by the entire Sioux City community in the wake of this catastrophe has been overwhelming," he added.

(Reuter)

FED FORESEES SLOW GROWTH IN ECONOMY
More Jobless The Cost Of Curbing Inflation

Most Federal Reserve policymakers are prepared to see the economy grow at only a 1 percent annual rate in the second half of this year and 1.5 percent to 2 percent in 1990, Fed Chairman Greenspan told Congress Thursday.

Growth that slow could push the civilian unemployment rate from 5.3 percent currently to perhaps 6 percent in late 1990, the Fed policymakers concluded, adding a half million workers or more to the jobless rolls.

Greenspan indicated the central bank has no intention of cutting interest rates sharply unless it looks like the economy is headed for a recession.. The Fed regards a slowdown from the strong economic growth rates of 1987 and 1988 as "probably unavoidable" if inflation is to be controlled, and it won't seek to prevent such a slowdown from occurring. "Rather, what we seek to avoid is an unnecessary and destructive recession," Greenspan said.

The Fed Chairman Thursday presented the central bank's semiannual report on the monetary policy to a House Banking subcommittee.

(John Berry, Washington Post, A1)

Federal Reserve To Act Cautiously On Interest Rates

The Federal Reserve, wary about inflation but anxious to avoid a recession, will move cautiously in further lowering interest rates, Chairman Greenspan said.

In testimony to a House Banking subcommittee Thursday, he confirmed that the U.S. central bank, reversing a year-long trend, had lowered interest rates by a half-point in the past six weeks because inflationary pressures were easing. But the current economic situation is complex and it is too soon to judge the full impact of the Fed's action, he said. (Donna Smith, Reuter)

HOUSE COMMITTEE VOTES TO EXTEND, REVISE HOUSING, RESEARCH AND OTHER TAX BREAKS

The House Ways and Means Committee voted to extend and revise several popular tax breaks and is leaning toward a cut in the capital gains tax to pay for them.

The tax breaks include such items as the credit for low-income housing and corporate research and development. At least for now, the committee has left unanswered the question of how to pay for the benefits, which would cost the Treasury nearly \$1.4 billion in fiscal 1990.... The committee plans to continue to discuss the controversial program Friday.

(Jeffrey Birnbaum, Wall Street Journal, A2)

KEY SUPPORTER OF LUCAS WITHDRAWS

Rep. Conyers 'Astounded' By Views On Court's Civil Rights Decisions

In a remarkable turnabout, the chief congressional sponsor of William Lucas' nomination to the Bush Administration's top civil rights job withdrew his support Thursday, saying that he was "frankly astounded" by Lucas' testimony minimizing the impact of recent Supreme Court civil rights decisions.

Rep. Conyers, who enthusiastically introduced Lucas at the start of the Senate Judiciary Committee hearings on Wednesday as a man "deeply committed to the vigorous enforcement of the civil rights laws," returned to say that he could no longer back Lucas to head the Justice Department's civil rights division.

In a further erosion of support, Sen. Biden, who said Wednesday he was "favorably inclined" toward Lucas, said he had also changed his mind as a result of Lucas' testimony and is "inclined to vote against him."

Conyers...said he was revoking his support with a slightly heavy heart" because of Lucas' testimony asserting that the Supreme Court decisions were essentially sound and represented fine-tuning rather than retrenchment.

"If you can't figure out that these cases are seriously cutting back on the very modest progress that we've made then there's no point in me waiting for you to become the assistant attorney general," Conyers said.

(Ruth Marcus, Washington Post, A5)

SENATE PANEL VOTES TO BAN NINE ASSAULT WEAPONS Lawmakers Add Four U.S.-Made Types

The Senate Judiciary Committee voted narrowly Thursday to ban nine types of military-style semiautomatic assault weapons, including four U.S.-made weapons not covered by the Bush Administration's recent ban on importing such arms....

The measure, sponsored by Sen. DeConcini, would impose fewer restrictions on fewer weapons than legislation proposed by other Democrats. But the committee's largely party-line vote of 7 to 6 for the DeConcini measure indicates that even it faces an uncertain future.

Sen. Metzenbaum vowed to push for a broader ban....

According to DeConcini, his measure would ban import, transfer, transportation and receipt of the nine weapons identified by the government as those most commonly used in commission of drug-related or other violent crimes. Current owners of the proscribed guns could keep them.

(Helen Dewar, Washington Post, A3)

BUSH WEAKENS CLEAN AIR PROPOSAL

The final version of President Bush's clean air bill appears to have rolled back some of the ambitious goals he set out last month and even weakens current law in some cases.

Scheduled for release today, the bill reflects the successful lobbying of interest groups in the weeks since Bush promised June 12 to clean up the nation's air within 20 years, according to congressional critics. The provisions described by Administration officials Thursday, along with ones that were previously reported, add up to a bill weaker than Bush seemed to describe last month....

"It's clear that industry has had its way on a variety of issues," said Rep. Waxman. "Instead of the aggressive control requirements needed to meet his laudable goals, the President's bill includes major relaxations from current law."

(Michael Weisskopf, Washington Post, A7)

Clean Air

Last-minute changes in the Bush Administration's clean air bill would ease up on requirements to reduce motor vehicle pollution and let the government push back cleanup deadlines, according to an Administration summary made available Thursday.

The changes were made after a June 30 draft became public and was widely criticized by environmentalists as not living up to what President Bush promised on June 12....

After studying the summary, the head of an environmental group coalition, Richard Ayres, said the bill would allow "chicanery and fraud" by industry and permit an EPA administrator so inclined to wreck the effort to clean the nation's dirty air.

EPA Administrator Reilly, however, told reporters earlier the bill was "faithful in every respect" to the program Bush outlined on June 12 to fix the nation's air pollution problem. "There are no games," he said, in dismissing the environmentalist criticism as "inevitable pre-positioning" on the legislation....

"Today's draft is far weaker than last month's draft, which was far weaker than the President's promises," said Rep. Waxman. "It undercuts the clean fuel program, pushes back compliance deadlines and loosens emissions standards. The bill actually appears to allow emissions from cars and trucks to increase from today's levels," Waxman said.

(AP)

MICROBES MAY CLEAN ALASKAN SHORELINE

Much of the Alaskan shoreline soiled by the nation's worst oil spill could be cleaned up in the next few months by oil-eating microbes, EPA Administrator Reilly said Thursday.

"It has the promise of being a real, low-cost, widely available solution to 700 miles of soiled beaches and shores," Reilly told an editorial board luncheon at the Washington Times....

"I'm not 100 percent confident of the technology, (but) it's the first good news out of Alaska," he said.

(Jennifer Spevacek, Washington Times, A5)

EXPERIMENTAL AIDS DRUGS TO BE MORE AVAILABLE

Federal health officials said Thursday that they will make experimental drugs more widely available to AIDS patients well before they are proved effective, a controversial action that AIDS activists have sought for years.

"The objective of this initiative would be to make promising (new drugs) available to persons with AIDS or HIV-related disease," said Assistant Secretary for Health James Mason before the House Energy and Commerce subcommittee on health and the environment. He stressed, however, that drugs would not be released before there is reliable data indicating that they are safe, and then to only a selected population....

"This is an important proposal," said Rep. Waxman. "It could provide access to drugs -- the good ones and the worthless ones -- long before data are available. If it works, it could revolutionize drug development. If it fails, it could cripple AIDS research for some time."

(Michael Specter, Washington Post, A3)

REPUBLICANS SAY DEMOCRATS COULD PASS DROUGHT BILL

Republicans on the Senate Agriculture Committee said Democrats have enough votes to pass a drought aid bill covering all crops that suffered damage during the winter and spring drought....

Sen. Leahy said he was "convinced" a bill could be passed and sent to the White House by the Aug. 5 recess. The Democrats' proposal, costing about \$1 billion, is similar in content to the bill that has cleared the House, which costs \$1.3 billion and covers all weather-damaged crops.

(Janet Bass, UPI)

REP. WYLIE OFFERS COMPROMISE ON S&L BILL

Republican Seeks To Break Deadlock Between House And Senate

Rep. Wylie Thursday proposed a compromise designed to break a deadlock between the House and Senate over how to fund President Bush's proposed S&L bailout....

Wylie favors the Administration proposal but said he is advocating a compromise because the position of House Democrats "is pretty firm." Wylie would borrow the first \$25 billion in S&L spending under the Administration mechanism. But, the remaining \$25 billion would go "on-budget" in 1991, he said....

One drawback of the scheme, he conceded, was that it would put great strain on the ability of the Administration and Congress to reach agreement on the federal budget as the 1992 elections approach.

(From news services, Washington Post, G3)

COMMITTEE REJECTS KILLING CATASTROPHIC BENEFITS ACT

The House Ways and means Committee Thursday defeated, 23 to 13, a move to repeal the 1988 Medicare catastrophic benefits law, despite stormy protests by some of the elderly over a surtax on income they must pay to finance the benefits....

Yesterday's vote does not mean the dispute over the law is over. Rep. Donnelly, [sponsor of the move to repeal the 1988 act], said the defeat could spur moves already under way by others in Congress to force a floor vote on repeal or cuts in benefits and premiums. The committee will meet again today to consider several options to reduce the surtax.

(Spencer Rich, Washington Post, A3)

SENATE WANTS ENERGY DEPT. OUT OF URANIUM ENRICHMENT New Corporation Would Take Over Task

The Senate Thursday gave overwhelming approval of a bill that would take the federal government out of the sagging uranium enrichment business and transfer the Energy Department's facilities and dwindling customer list to a new government-owned corporation.

The measure, which was endorsed by the Bush Administration, now goes to the House, where its fate is uncertain.

(Walter Lippman, Washington Post, G1)

SENATE PANEL VOTES TO INCREASE SUPER COLLIDER FUNDING

A Senate panel voted Thursday to boost Superconducting Super Collider funding to \$225 million in the next fiscal year, but raised objections to foreign nations being allowed to participate in the project and "skim the cream off the milk" of whatever technology it might produce.

The action by the Energy and Water Development Appropriations Subcommittee increased by \$25 million the amount the House has allocated to the program and was applauded by supporters who want construction to begin next year in Ellis County, Tx.

"It is a very expensive project and will require (funding) increases in the future, but I really think of all the science programs going on in this country it is the most basic science we do -- and the most valuable," said Sen. Johnston. "It is just as important as the inquiry into the atom."

The senators on the subcommittee said that they wanted the collider appropriation to contain language stressing that Congress would not mind cash investments by other countries, but would not want them to be involved in the design or construction of components that could reap technological rewards.

(Anne Reifenberg, Dallas Morning News)

EDITOR'S NOTE: "Drug Czar Bennett Favors Jailing Dealers, Users Over Treatment, Education In National Effort," by Paul Barrett, appears in the Wall Street Journal, page A16; "As S&L Bailout Plan Draws Nearer Passage, Flaws Become Clearer," by Paulette Thomas, appears in the Wall Street Journal, page A1.

NETWORK NEWS SUMMARY

(Thursday evening, July 20, 1989.)

UNITED AIRLINES CRASH

ABC's Peter Jennings: ...When the DC-10 crashed in a corn field just short of the runway at Sioux City, Iowa, 184 people...survived. As of tonight, 109 people have died....

ABC's Bettina Gregory reports on the investigation into the cause of the crash. Aviation sources say the tragic sequence started 30 minutes before the crash when the tail engine suffered a catastrophic failure. The engine exploded, spewing out metal parts. These sheered off the tail cone of the plane and severed the hydraulic lines near the tail. This made the plane extremely difficult to control. The pilot appeared to maintain control until just before landing, then the right wing dipped, the jet struck the runway, sheering off that wing and cartwheeled until the jet broke into pieces. Experts believe there are several reasons why so many passengers survived: The wing containing the fuel tanks broke off, reducing the fire. The multiple impacts as the plane careened along the runway dissipated the deadly force of any single impact. And perhaps most important, the plane broke open so passengers could easily escape. Now investigators need to learn why the engine failed.

ABC's Jim Slade reports on the difficulty the captain had in flying the plane just prior to the crash. Experts hailed the captain's ability to fly the plane as well as he did under the circumstances. The DC-10 hydraulic design has been criticized from the start as too vulnerable because it's bunched so close together. Because of that there've been major fixes to the 187 planes in the U.S. fleet. Secretary Skinner argues the plane is the victim of isolated incidents. (Secretary Skinner: "We have no indication whatsoever that there is any problem with this particular type of aircraft, or this particular airline, or this particular route of flight or anything such.")

ABC's Linda Pattilla reports on the survivors, several of whom described their survival as miraculous. (ABC-Lead)

NBC's Mary Alice Williams: Survivors of that United DC-10 crash today are praising the cockpit crew, all of whom survived, as heroes. United Airlines says that when Flight 232 crashed in Sioux City, Iowa, 109 were killed or are missing. Remarkably, 184 survived. The wreckage covers an area the size of three football fields. Perhaps in the wreckage are the answers to confounding questions: how could a plane with an apparently clean safety record begin to break apart in midair? How could so many have walked away from that fireball? (NBC-Lead)

CBS's Charles Kuralt: After the hard facts of disaster, the hard questions. The hard facts are these: A United Airlines DC-10, with 293 people aboard, crashed yesterday while attempting an emergency landing at Sioux City, Iowa. Amazingly, at last count 184 people survived. And now the hard question: Why did the plane crash?

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(CBS-Lead)

PRESIDENT/SPACE POLICY

Jennings: In Washington today they dreamed once again of the stars.

There was a ceremony to mark this, the 20th anniversary of man's landing on the moon, and a proposal from President Bush once again to send man to the moon and beyond. Mr. Bush didn't say when or how the country would pay for it.

ABC's Brit Hume: The President posed for pictures with the Apollo 11 astronauts and the peculiar-looking craft that had put them on the moon.

(TV COVERAGE of President Bush talking with Apollo 11 astronauts.) Then he went outside to a star-spangled setting to recall their triumph and to say what he wants to do now with the space program.

(President Bush: "We must commit ourselves anew to a sustained program of manned exploration of the solar system. And, yes, the permanent settlement of space.")

The President outlined what he called a long-range, continuing commitment. First, in the 1990s the establishment of the U.S. space station Freedom. Next, after the turn of the century, another trip to the moon. And finally, later, a manned mission to Mars. This was not a new blueprint. Numerous space authorities and a couple of presidential commissions have recommended such a course. It also contained no precise dates and no price tag. It fell to Mr. Bush's NASA director, Richard Truly, to face questions about the cost and timing. First he was asked if he had dates for these goals:

(Adm. Truly: "No, we don't.")

Anyway of knowing?

(Truly: "No, we don't because we -- I just frankly learned this morning what his direction was.")

What about the cost, which some have pegged at \$100 billion, just to get back to the moon?

(Truly: "We have a very large economy. And over a long period of time we may choose, we have the free will to choose the directions that we go.")

Maybe, but on Capitol Hill the President's opponents were demanding more specifics.

(Sen. Gore: "We don't get a deadline, we don't get any money to pay for it, we don't get a cooperative effort with any other nation, we don't have any realism or leadership.")

Indeed, on the House floor today Democrat Schumer tried to cut \$750 million out of the current space budget to pay for social programs. That was defeated, but it shows the climate in which Mr. Bush is operating. What seems to bother his opponents in Congress is their fear that he's outlined a goal that's sure to be popular, then left it to them to either find the money or say no. (ABC-2)

Kuralt: On this anniversary of a great achievement in the history of the U.S. space program, President Bush set out ambitious goals for America's future in space. But as CBS's Lesley Stahl reports, those dreams for tomorrow could fall victim to the realities of today.

CBS's Lesley Stahl: To the moon, back to the future, back to stay. The President's words as he commemorated the 20th anniversary of man's landing on the moon. For the U.S., he declared, space is the inescapable challenge.

(President Bush: "We must commit ourselves anew to a sustained program of manned exploration of the solar system. And, yes, the permanent settlement of space.")

President Bush called for a manned outpost on the moon and a voyage to Mars sometime in the 21st century, nothing more specific. He tugged at the nation's heart strings.

(President: "Step outside tonight with your children or your grandchildren and lift your eyes skyward and tell them of the flag, the American flag that still flies proudly on the ancient lunar soil.") Armstrong, Aldrin, Collins, the Apollo astronauts who took that step for man, were with the President today to help build support for what Mr. Bush called "some unfinished business."

(Mike Collins: "We have rested on our Apollo laurels long enough. It's time to get moving again.")

But in this era of budget cuts, that may be pie in the sky.

(Adm. Truly: "At the same time, this very day up on the Hill, we are in fact fighting very hard for the very life of space station Freedom.")

Freedom, a precursor to the moon and Mars missions, is already in development, but Congress wants to cut its budget. Democrats say the President is being unrealistic.

(Rep. Frank: "We are told, 'Well, this is for all mankind to take a step forward.' No, it's not. Poor and working people and all the people who are ill-housed or are spending too much for housing, it's a push back for them.")

(Rep. Panetta: "[I] guess the bottom line is you can't go to Mars on a credit card. This is one trip that has to be pay as you go.")

(Rep. Gephardt: "In sum, Mr. President, there's no such thing as a free lunch.")

Budget Director Darman estimates that the cost of the moon and Mars projects would be \$400 billion by the year 2020. Solving the budget deficit will have to come first. (CBS-3)

Williams: ...Today President Bush led the nation in tribute [to Apollo 11] and talked about America's future in space.

NBC's Jim Miklaszewski: With all the fanfare of the moon shot, President Bush launched his vision of the space program. Flanked by the crew of Apollo 11, the President called for a commitment to put man back in space and keep him there.

(President Bush: "We must commit ourselves anew to a sustained program of manned exploration of the solar system. And, yes, the permanent settlement of space. And our goal is nothing less than to establish the United States as the preeminent space-faring nation.") Welcome news for Apollo astronaut Mike Collins.

(Mike Collins: "We have rested on our Apollo laurels long enough. It's time to get moving again.")

The President's vision calls for construction of the orbiting space station Freedom in the 1990s, establishment of a permanently-manned base on the moon sometime after the year 2000, then a manned mission to Mars, perhaps a joint mission with European allies or even the Soviets.

Miklaszewski continues:

But the President's program has no definitive timetable or the money to pay for it. Critics in Congress warned that could abort the entire mission before it ever gets off the ground.

(Sen. Sasser: "Today the President took one giant leap for starry-eyed political rhetoric, but not even one small step for fiscal responsibility.")

And the President's aides say there's no need to rush into this new manned space program. That in the absence of a bonafide space race there's not the same kind of pressure on President Bush that there was on President Kennedy when he first committed to putting a man on the moon.

NBC's Robert Bazell provides a retrospective on the moon mission: from President Kennedy's declaration of intent to the landing of Eagle on Tranquillity Sea. (NBC-7)

GREENSPAN/ECONOMY

Kuralt: Federal Reserve Chairman Greenspan said today the central bank has been pushing down interest rates since June to keep the country from sliding into a recession. But in his mid-year report to Congress he said that might not work.

CBS's Ray Brady reports on Fed Chairman Greenspan's economic report to Congress in which he stated he was more worried about a recession than about inflation.

(Fed Chairman Greenspan: "What we seek to avoid is an unnecessary and destructive recession.")

So Greenspan has been easing up on interest rates, letting them fall a bit so consumers could step up their spending just enough to keep the economy from falling into recession but without bringing back inflation. While lower rates may help, the Fed chairman himself warned the economy has been on a roll and good times can't go on forever.

(Greenspan: "Someday, some event will end the extraordinary string of economic advances that has prevailed since late 1982.")

If a slowdown does come, say some economists, that's because the Fed itself simply hasn't acted forcefully enough.

(Jerry Jordan, economist: "Even though interest rates are coming down, they're coming down too slowly, so the interest-sensitive sectors like housing and autos get hit again.")

Some critics argue the banks aren't doing much to help. They note that Chase Manhattan Bank recently cut its prime rate but none of the other giant banks followed. All this is turning into a kind of cat-and-mouse game with many banks saying they're waiting for the Federal Reserve to make it cheaper for them to borrow money, and then, they add, they'll cut their interest rates. (CBS-2)

S&L CRISIS

Jennings: We have a report tonight on how business is done in Washington -- big business. Members of the House and Senate tonight are still trying to hammer out a final version of the bill to bail out the S&L industry. Among those working on the bill are some politicians who have received campaign contributions from the S&L industry.

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ABC's Jim Wooten: In 1987 and '88, when Charles Keating's California S&L was in big trouble with federal regulators, he gave \$850,000 to Sen. Cranston's favorite voter-registration groups. Since then, the senator has represented Keating's interests with those same regulators and other government agencies as well.

(Sen. Cranston: "Perhaps it was pretty stupid to help him, in the present climate, looking back, given the appearance of a conflict.")

Beyond appearances, though, Cranston's ties to Keating represent important realities on Capitol Hill: the eternal relationship between money -- big money -- and influence, and its eventual cost to the American taxpayer. For example, during Cranston's intervention on Keating's behalf, Lincoln Savings & Loan's troubles were growing. Now its rescue may cost the federal government a billion dollars.

(Ed Gray: "Money has talked above and beyond what anybody can imagine. And I have no idea what the ultimate cost to the taxpayers of this country is going to be.")

Ed Gray ran the Federal Home Loan Bank Board in 1987 when he says Cranston and Sens. DeConcini, Glenn, McCain and Riegle complained to him and his regulators about harsh treatment of Keating's S&L. The five had received more than \$300,000 in campaign contributions from Keating and ABC News has learned that Keating also gave \$200,000 to Sen. Glenn's favorite PAC. All the senators insist they exerted no undue pressure and were merely doing their duty.

(Cranston: "Well, in view of all the publicity, I suppose I would not do it again.")

That would seem to suggest that what bothers him is all the publicity and not the relationship. What's bothersome to others, though, is that without breaking any laws some of those now entrusted with rescuing and restructuring and reregulating the S&L industry have also taken a lot of its money. (ABC-6)

MISSILE FRAUD

Williams: New allegations of fraud in defense contracting and new questions about the effectiveness of almost all of the nation's non-nuclear missiles. NBC's Henry Champ says the questions concern a vital missile part.

NBC's Henry Champ: When American warplanes raided Libya in 1986, 25% of all Harm and Harpoon missiles fired failed to explode. In each of the missiles' warheads was a \$16 detonation switch called a "stater." The small Los Angeles company that manufactured them never tested the devices and now the reliability of thousands of other missiles is in doubt.

(Rep. Dingell: "It's pretty hard for us to go over and tell Mr. Khadaffy we'd like to take a look to see whether or not our missiles, which did not detonate and which he was shown with his -- with a picture of him and his foot on the missile -- didn't work and that we'd like to look at and see why.")

A Pentagon report obtained by NBC News says the manufacturer, Asher Engineering, did not test in accordance with military application during seven years of production. Asher employees admitted to investigators they falsely certified the switches. Asher has refused interview requests, as has Micronics, the company which installed the device. Both are under criminal investigation in connection with problems in the Phoenix missile program.

-more-

Champ continues:

The Navy has mothballed 500 Phoenix missiles worth nearly a half billion dollars because arming and safety switches don't work. The Pentagon says the untested switches are used in the Phoenix, Harm, Harpoon, Sidewinder, Sparrow, and Aamram missiles -- virtually every non-nuclear air- and sea-launched missile in the American arsenal. And this Navy report, circulated last week, says "predictions of reliability are impossible" and says "there is potential serious hazard to personnel, aircraft and missiles."

(Dingell: "The Department of Navy cannot assure the secretary that any -- that's any, zero -- of the missiles in fact are reliable.")

The Pentagon is still debating what action to take. All that has been done so far is to suspend Asher Engineering from all military contract work. (NBC-2)

LUCAS

Kuralt: A surprise setback for the nomination of William Lucas to be chief enforcer of U.S. civil rights law. A key congressman who gave Lucas red-carpet treatment yesterday pulled the rug out from under him today.

CBS's Rita Braver: Senators called it an unprecedented about-face. Yesterday influential Democratic Congressman Conyers introduced and endorsed William Lucas, the Bush administration's controversial nominee to head the Justice Department's civil rights division. Today Conyers came back to say he changed his mind.

(Rep. Conyers: "And it's with a slightly heavy heart that I come here to withdraw my endorsement of Bill Lucas.")

Conyers' reason: Lucas' testimony yesterday that a recent series of Supreme Court decisions narrowing affirmative action laws has not set back progress in civil rights.

(Conyers: "I was frankly astounded. We are in crisis in the civil rights movement.")

And for the same reason, the powerful chairman of the Senate Judiciary Committee, who yesterday said he was leaning toward voting to confirm Lucas, said he's now leaning against.

(Sen. Biden: "When I asked him whether or not the Supreme Court was moving in the right way or the wrong way, he didn't have an opinion. It makes me wonder whether or not he'll fight.")

Tonight a Justice Department spokesman said that Lucas was merely voicing views previously expressed by the President and the attorney general and to expect him to denounce those views is unrealistic.

(CBS-4)

POINDEXTER

Williams: John Poindexter may not have to stand trial on the most serious Iran-contra charges against him: conspiracy, theft of government property and fraud. Independent prosecutor Lawrence Walsh today asked a federal judge to drop those charges, saying he wanted to avoid delaying Poindexter's trial with a fight over the use over classified documents. (NBC-5)

SOVIET MINING STRIKE

Williams: In the Soviet Union coal strikes have broken out in five more parts of the country while some other strikers started going back to work today. In western Siberia, where the walkout started 10 days ago, it was back to the pits for many of the 150,000 strikers. The government agreed to give them better food and working conditions and more local control over the mines. It also promised that any settlement in one area will apply to all. (NBC-3, ABC-3)

CHINA

Williams: There's word that China's top student leader, Wang Dan, has been captured after more than a month in hiding. The news came from other leading Chinese dissidents in Paris. They claim that more than 100,000 people have been arrested since last month's crackdown on the democracy movement. (NBC-4, CBS-6)

OAS/PANAMA

Kuralt: The OAS today called for a transfer of power on September 1st in Panama. However, the compromise resolution did not say specifically that Gen. Noriega should step down. The OAS calls for free elections as soon as possible. The U.S. delegate said the resolution clearly means that Noriega must go, but Panamanian opposition leaders said it was toothless and a sell out by the OAS. (CBS-5)

WEST BANK/AMERICAN RELEASED

Jennings: In the Israeli-occupied territories today another Palestinian teenager was shot and killed after he threw stones at an Israeli Army patrol. More than 550 Palestinians have died since the rebellion began. We also have a report tonight about an American woman caught up in the tragedy.

ABC's Dean Reynolds reports on Najwa Salem, a 28-year-old American woman, who was arrested by the Israeli Army Monday morning because her daughter had apparently flashed the hand symbol of Palestinian defiance at Israeli soldiers. Initially mistaken for a Palestinian, Salem was held for four days in a Jerusalem jail. Palestinians are often arrested in cases like this and separated from their families. They seldom win arguments with the Israeli authorities, but this case was different because she had an American passport. Friends called her congressman in Washington and then alerted the U.S. Embassy here, which today asked the Israelis to explain. After diplomatic intervention she was released. (ABC-7)

SPY CONVICTED

Jennings: In Savannah, Georgia, today a former civilian worker for the Army was convicted of spying. Hussein Yildirim was found guilty of conspiring with an American enlisted man to sell American military secrets to East German and Soviet agents. Warrant Officer James Hall has already pleaded guilty and Yildirim faces 30 years in jail. (ABC-4)

EDITORIALS/COLUMNISTS

TRIP

Investing In The Polish Experiment -- "President Bush moved through his delicate visit to Poland with engaging grace. Without giving the Soviets or the Polish Communist Party reason to worry, he gave ordinary Poles reason to hope -- which they desperately need. But keeping that hope alive will require further effort by Bush and by political and financial leaders from Europe and Japan. The \$115 million in aid that Bush promised is only a modest downpayment on what the West should provide. Bush properly warned that rebuilding the debt-ridden, arthritic Polish economy will require further sacrifice.... But this is a nation whose people have tightened their belts so many times the buckles scrape their backbones.... The proper prescription for Poland in the 1990s includes a liberal rescheduling of [their] debt, careful Western investment and large-scale assistance linked to continued political and economic reforms.... With the United States in the lead, the West should do everything it can to help Poland negotiate its difficult path to political liberty and economic prosperity."
(Minneapolis Star Tribune 7/12)

Bush: Boffo In Budapest -- "President Bush's speech in Hungary yesterday [July 12] probably was the best foreign policy address of his still young administration, and without question the most significant in terms of emerging new East-West relations.... The applause should echo in Western Europe and on this side of the Atlantic. It was a stirring affirmation of democratic principles in a part of the world starting to awaken from a nightmare of authoritarian, communist oppression."
(Seattle Post-Intelligencer, 7/13)

Bush Has Added Oomph To Detente -- "...Drama is not a commodity absent from Bush's historic sojourn. A move as simple as sending teachers to Hungary gives as much oomph to detente as the removal of tanks or the scrapping of Soviet missiles that were in overabundance, anyway. Peace Corps volunteers to Hungary. A plaque handed Bush containing bits of the barbed wire fencing that was torn down along the Hungarian-Austrian border. These are as much the stuff of detente as pullouts and pullbacks. And they are possible because U.S. policy toward the Soviet Union has remained constant under Bush and his predecessor, Ronald Reagan. By not rushing to match every Gorbachev proposal without extracting movement on other issues, new meaning has been given detente. It has come on terms the Soviet system has forced upon itself -- and with which the free world, with steady management, can live."
(Milwaukee Sentinel, 7/14)

Bush Should Encourage More Democratic Reforms -- "...Beyond economic restructuring, these countries [Poland and Hungary] need more competitive political parties, freer unions, independent judiciaries, a more open press, and other democratic reforms to make real progress -- and Bush should encourage those, too. In Poland, anti-reform hard-liners are known as betony -- literally 'cement heads.' Today, the cement is cracking, but the new shoots of grass-roots democracy need careful nurturing."
(Seattle Times, 7/9)

Helping Eastern Europe Is Smart -- "...President Bush was overly cautious in his recent visit to these countries [Poland and Hungary], apparently fearful of provoking an armed revolt that might have drawn a Soviet counterattack. But his announcement of significant U.S. economic aid, designed to help foster the development of private enterprise in both countries, was a useful initiative.... Mikhail Gorbachev can hardly be pleased by this U.S. effort to make friends and influence people in two of his satellites. But the Soviet Union is in such a bad economic position itself that it wants U.S. help and investment, so it can hardly object to Poland and Hungary accepting this aid. And as a realist, Gorbachev must know that both countries were never really Russified and their people never effectively brainwashed. So this is an opportunity to help two brave peoples in Eastern Europe while weakening the Soviet yoke. It seems like a good bargain." (Harry Schwartz, USA Today, 7/19)

Helping Eastern Europe Is Dumb -- "...George Bush's praise for Polish 'democratization' does not square with the details. Warsaw's bosses simply appeased their troublesome labor movement with 'open' legislative elections -- after saving 65% of the seats for themselves. Such Potemkin-village reform has earned Poland \$41 billion in credits and loans from gullible Western governments and greedy bankers. An uncompromising view of history reveals predictable cycles in East-West relations: reform-minded Reds capture Western economic aid, then hard-line communists capture and subjugate whole countries.... Real concessions from the Kremlin would change all this. Until such concessions occur, increased aid and trade with the communists is bad business." (Peter Gemma, USA Today, 7/19)

Summit Realism On Ailing Nations -- "The business of the seven industrialized democracies is business. For a change, however, they contracted very little of that amongst themselves during their summit last weekend in Paris. A bit too smug perhaps about the performances of their own economies, the leaders of the West decided to leave their own turf well enough alone.... Systemic changes -- and political decision-making -- are not only the price of Western assistance; they are the ticket to a more prosperous future.... In all, the directions taken by the summiteers represent a rise in prestige for George Bush, the self-described 'new kid on the block.' He managed to mute criticism of U.S. trade and deficit budgets. He deflected the Gorbachev letter easily. His imperatives on Eastern Europe and the environment were adopted pretty much intact. Finally, he impressed his colleagues with a relaxed command of the hard issues before them -- just the sort the other six leaders would feel comfortable doing business with." (Atlanta Constitution, 7/19)

European Realities; Bush On Right Path -- "...It might take billions of dollars from the West to cushion Poland's economic transition. But even that will not guarantee success. Thus the challenge now is on the Poles and the Hungarians themselves to find a sensible way out of their economic quagmire.... Call it a case of failed expectations. But Mr. Walesa's hope that the U.S. President's historic visit to Poland could remotely result in \$10 billion in financial aid was stretching the bounds of wishful thinking. Mr. Bush committed only to \$100 million in new aid and U.S. support for \$325 million in loans from the World Bank. On top of that he promised to seek allied support for a rescheduling of Poland's \$39-billion debt. That's no Marshall Plan. But it is more generous than the Poles have made it sound. The rest is up to them, with the moral encouragement, of course, of the West." (Miami Herald, 7/13)

Bush's Measured Pace In Europe -- "...The Bush administration can reinforce Soviet devolution [from domination of Eastern Europe] by taking steps that help institutionalize the politics of liberation in Eastern Europe without challenging Soviet security.... Given the kaleidoscopic changes taking place in Eastern Europe and undisputed Soviet dominance in what is still its sphere of influence, the deliberate approach the Bush administration has taken is, for the moment, the sensible one. Nevertheless, if the arms talks lead to deep cuts in Soviet and Warsaw Pact forces and the movement toward market economies continues, new initiatives will be necessary in the future.... Americans need to exercise patience. The secular trend in socialist society toward economic and political liberalization is clearly discernible, but its pace will not be set by the U.S. And we must also guard against hubris. Even if the Eastern European states succeed in removing themselves from Moscow's shadow, they may define democracy differently from the way we do."

(Hugh De Santis, Chicago Tribune, 7/18)

Treating The Patient With Candor And Realism -- "...Mr. Bush understood [in making his economic offerings to Poland] that massive foreign aid or investment a la the '70s without the crucial domestic changes that only Poland can make would only deepen Poland's trauma. So the president offered both Poland and Hungary the enormous, if often unappreciated, gifts of the real friend: candor and realism.... To both, he was implicitly agreeing with Mikhail Gorbachev in saying, in effect: 'The era of Big Brother, either from the East or the West is past. This is the era of self-discipline, of realism and of the democratic and free-market restructuring of countries too long held in bondage. We will help you, even with love, but we cannot do it for you.' Nor should it be missed...that the president carried through America's emotional commitment to Eastern Europe without once humiliating Mr. Gorbachev. This was both admirable and deliberate.... That diplomatic balance of this trip allowed Mr. Bush to walk right through the Iron Curtain, to say that communism was a finished ideology, to speak to both communists and democrats, and to extol democracy endlessly.... The fact that the situation remains so bedevilingly complex offers still another reason to applaud this new American foreign policy. It gives all the heterodox power centers in the East room for maneuvering, while clearly but unthreateningly asserting America's beliefs and influence at exactly the right junctures of power."

(Georgie Anne Geyer, Washington Times, 7/17)

#

FOREIGN MEDIA REACTION

TRIP

"Bush Strengthened Reformers' Positions"

"One of the most remarkable aspects of the Bush visit to Poland and Hungary was that the U.S. President strengthened the positions of those leading communist elites that are willing to reform.... In view of a split opposition and its confusing positions, ...Bush seems to be relying, very heavily, on the stabilizing influence of the ruling communist parties.... In Poland and Hungary, George Bush came to the wise realization that the future of Eastern Europe, the elimination of Stalinist structures...is first and foremost a task for Europeans. Now that Bush and the allies have agreed upon this, the U.S. President can now turn to making preparations for a meeting with Gorbachev."

(Die Zeit, West Germany)

"Criticism Has Been Silenced"

"President Bush today celebrates his 6 months jubilee in the White House. The criticism of foreign policy passiveness in the newly established Administration was about to grow louder just two months ago. But today that criticism has been silenced. With good reason. During the last two months we have been presented with a promising, revised U.S. foreign policy doctrine. In Bush's own words, we are living in historically very exciting times in which his goal is to get beyond the policy of containment. The possibilities are greater than ever before.... Today there is hope for political solutions to a number of the regional conflicts and solutions in conflict areas where too much blood has been shed in recent years...."

(Det fri Aktuelt, Denmark)

"A Symbol Of New Times Coming"

"Bush was well received wherever he went. Outstretched hands, tokens of friendship and visits by Western leaders are cause for celebration among Eastern Europeans. The visit of the President of the United States is a symbol of new times coming -- of a world awakening."

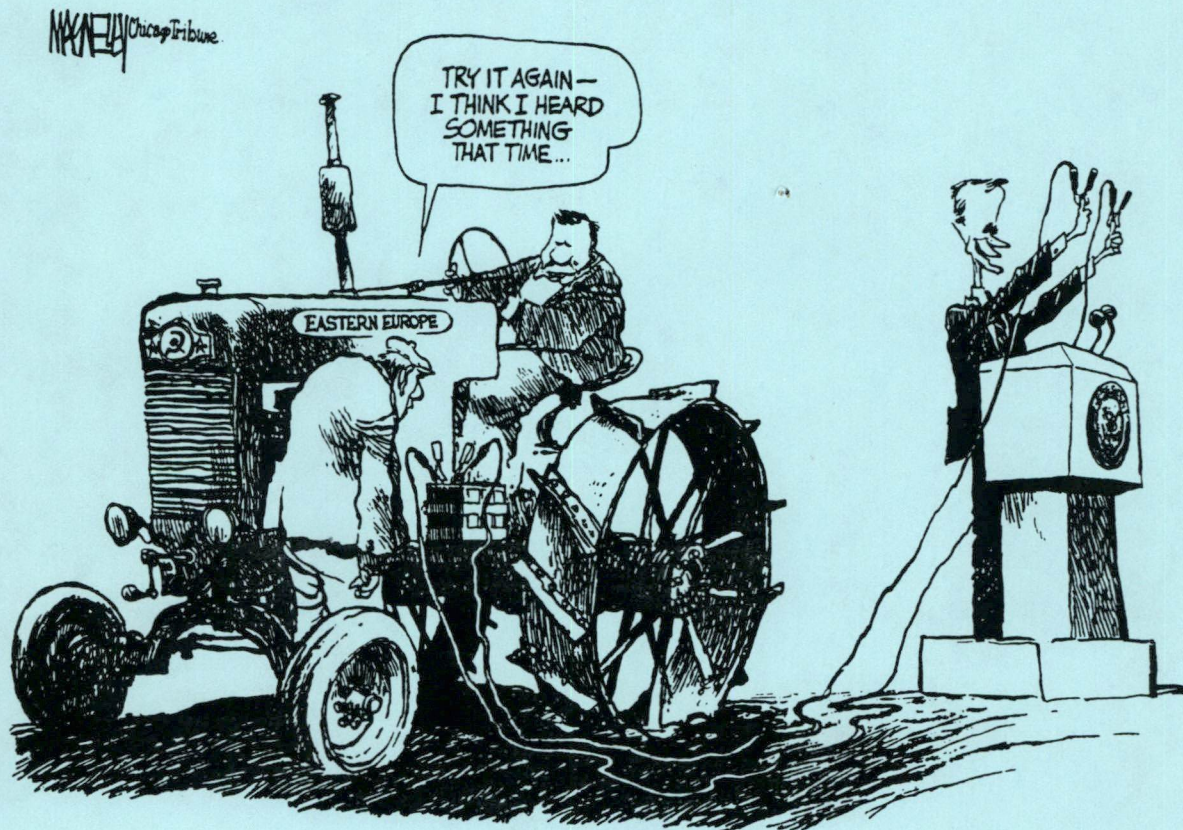
(DV, Iceland)

"Europe Hastens Slowly Toward Common Home"

"Amid the excitement, it is easy to lose sight of the huge barriers to a united Europe which still remain.... For a start, the aims of the major players are different. The socialist countries want economic assistance; ...the liberal democracies want political reform and are prepared to use aid to engineer it.... Given (the practical problems) it will be a long time before the shimmering ideal of a united Europe becomes a reality.... The very solid Berlin Wall will no doubt prove far harder to bring down than Hungary's barbed wire fence.... On the day that the Wall does come down, Europe as a whole will have reached not the end of a process, but the beginning."

(Australian Financial Review, Australia)

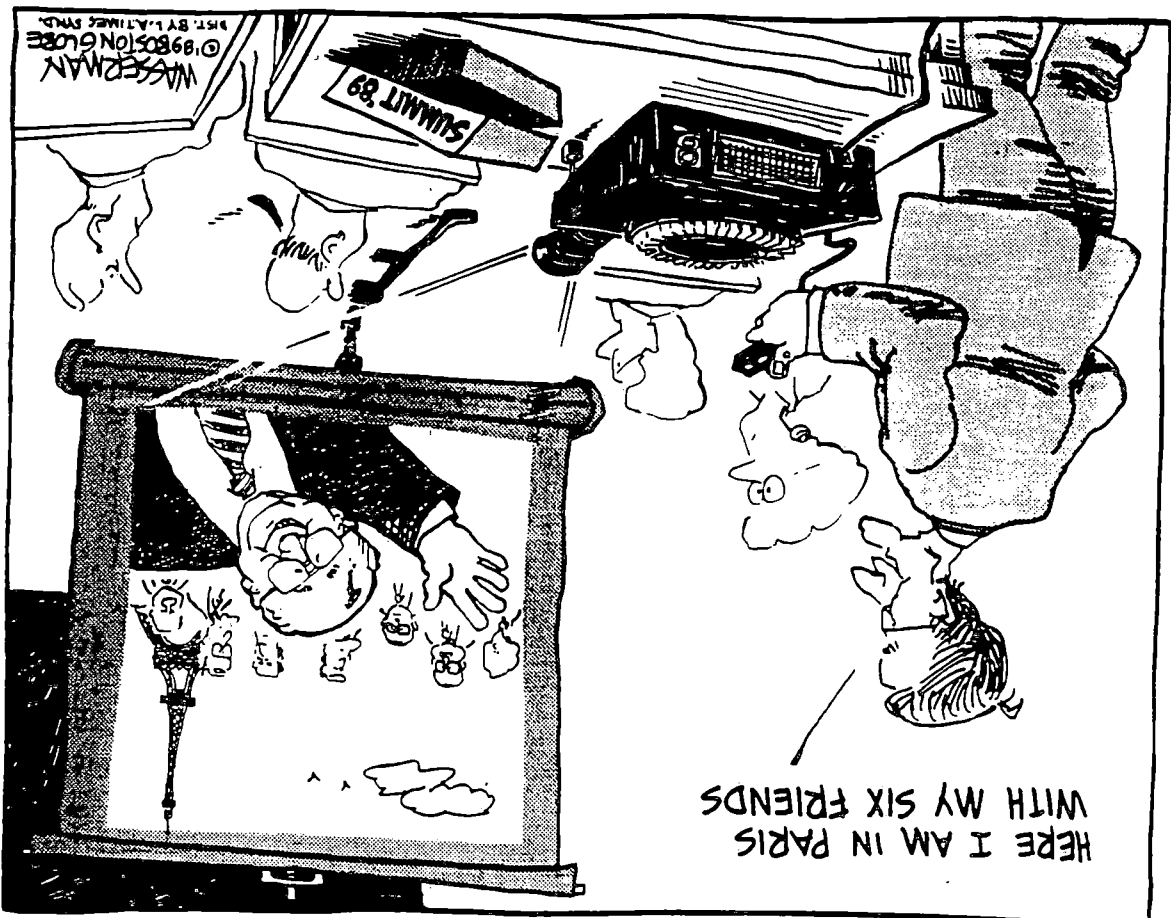
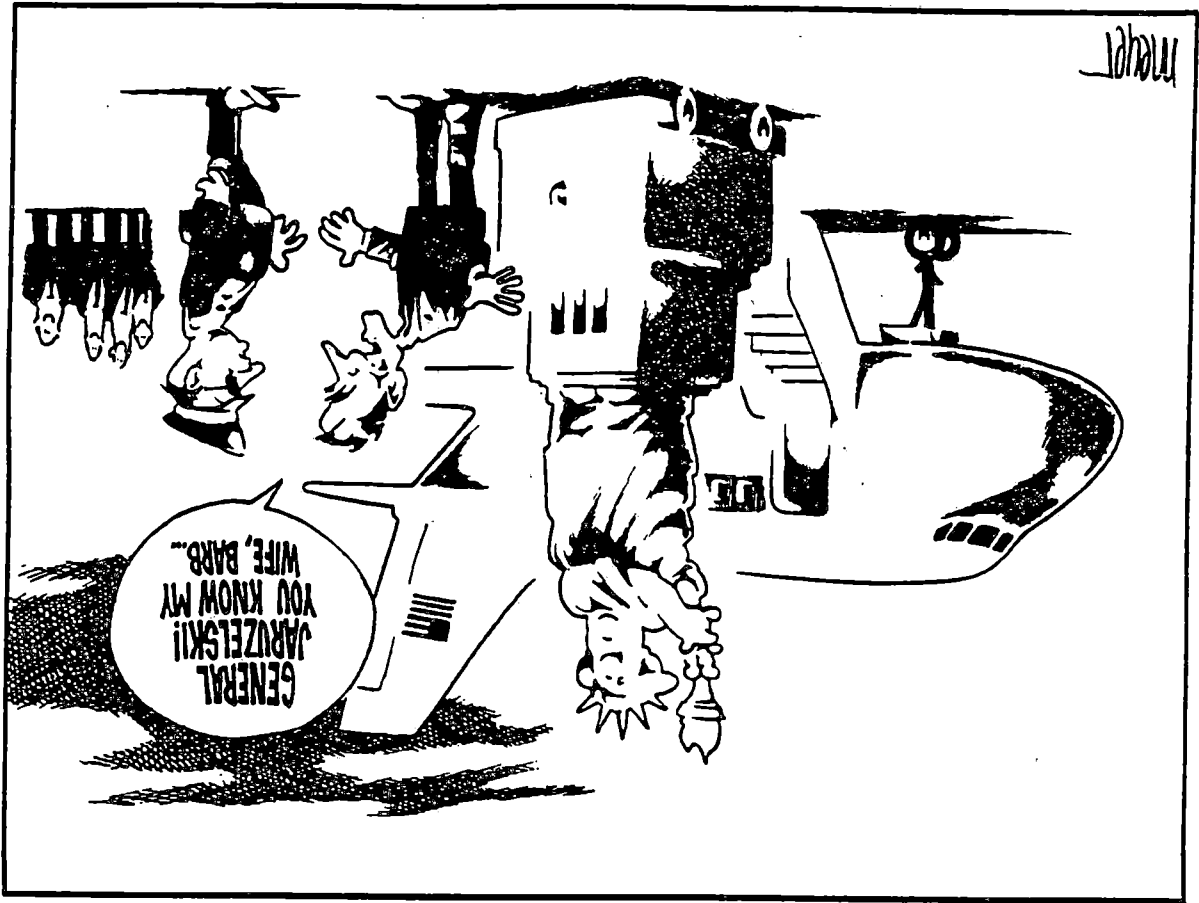
Friday Follies



- a look at politics through the eyes of the political cartoonist -

"I don't care a straw for your newspaper articles. My constituents don't know how to read. But they can't help seeing them damned pictures."
(William Marcy Tweed speaking of Thomas Nast, 1871)

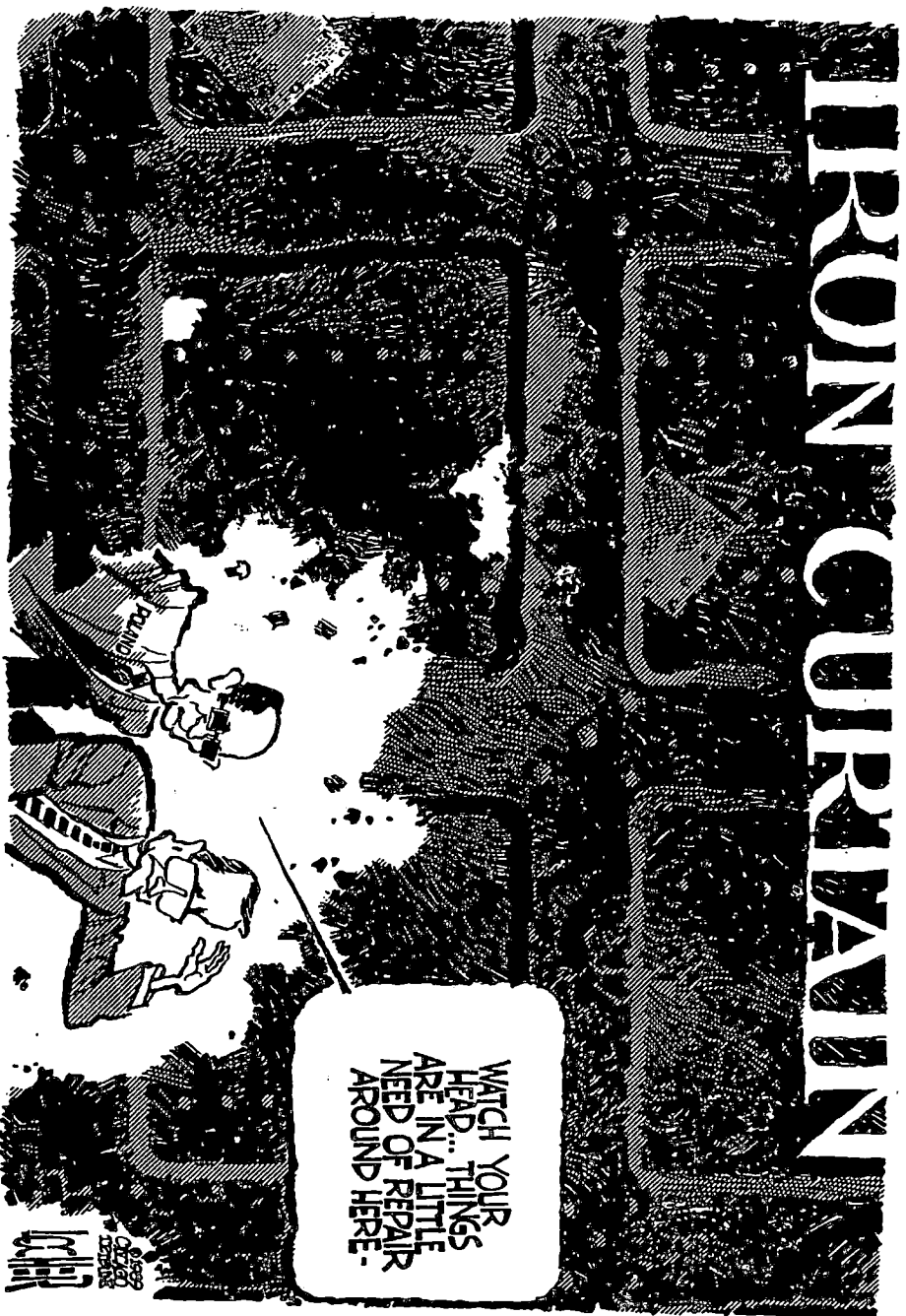
WHITE HOUSE NEWS SUMMARY SPECIAL EDITION
VOLUME I ISSUE 11 -- July 21, 1989



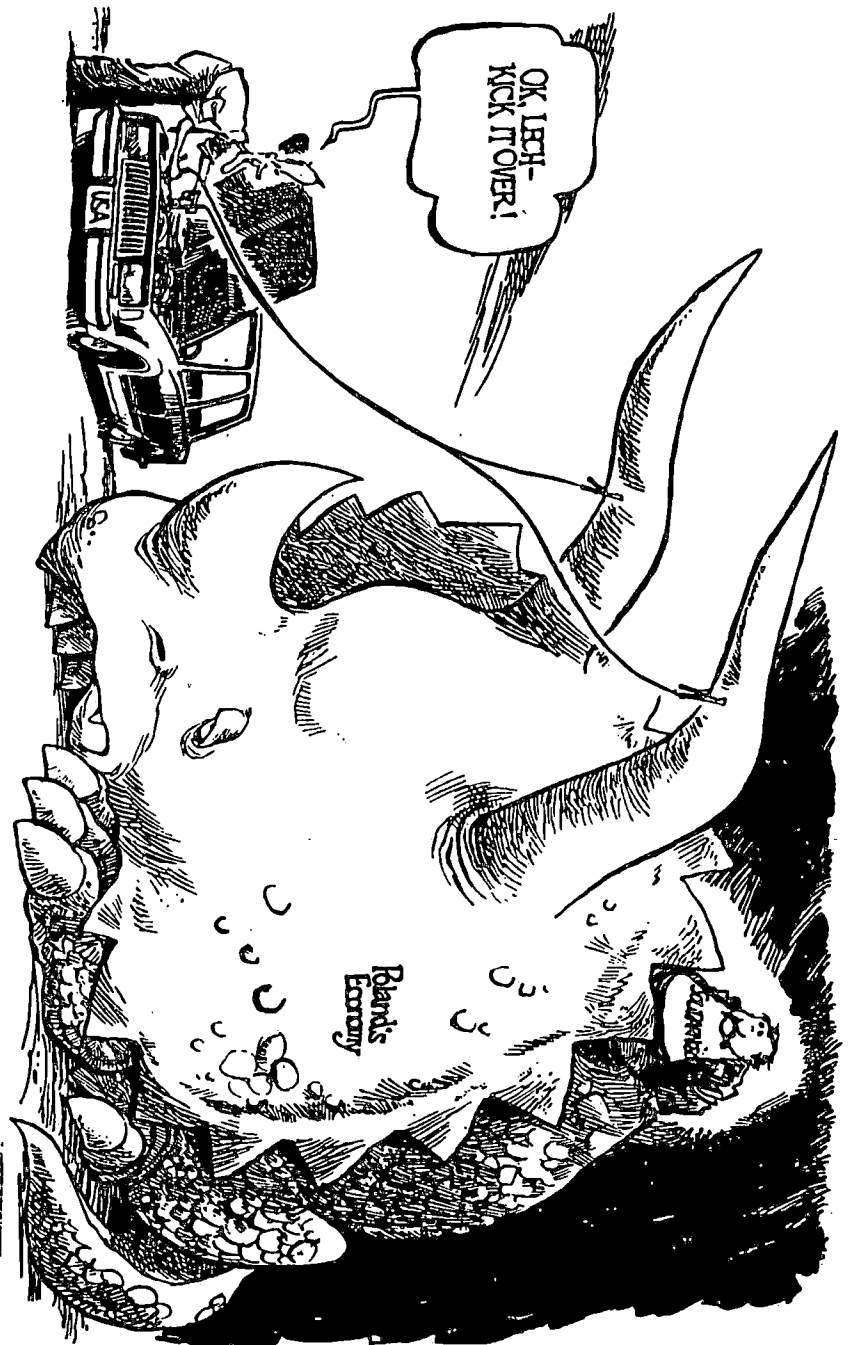


'For \$100 million, I could like you ... for two billion, I could really fall in love.'

IRON CURTAIN

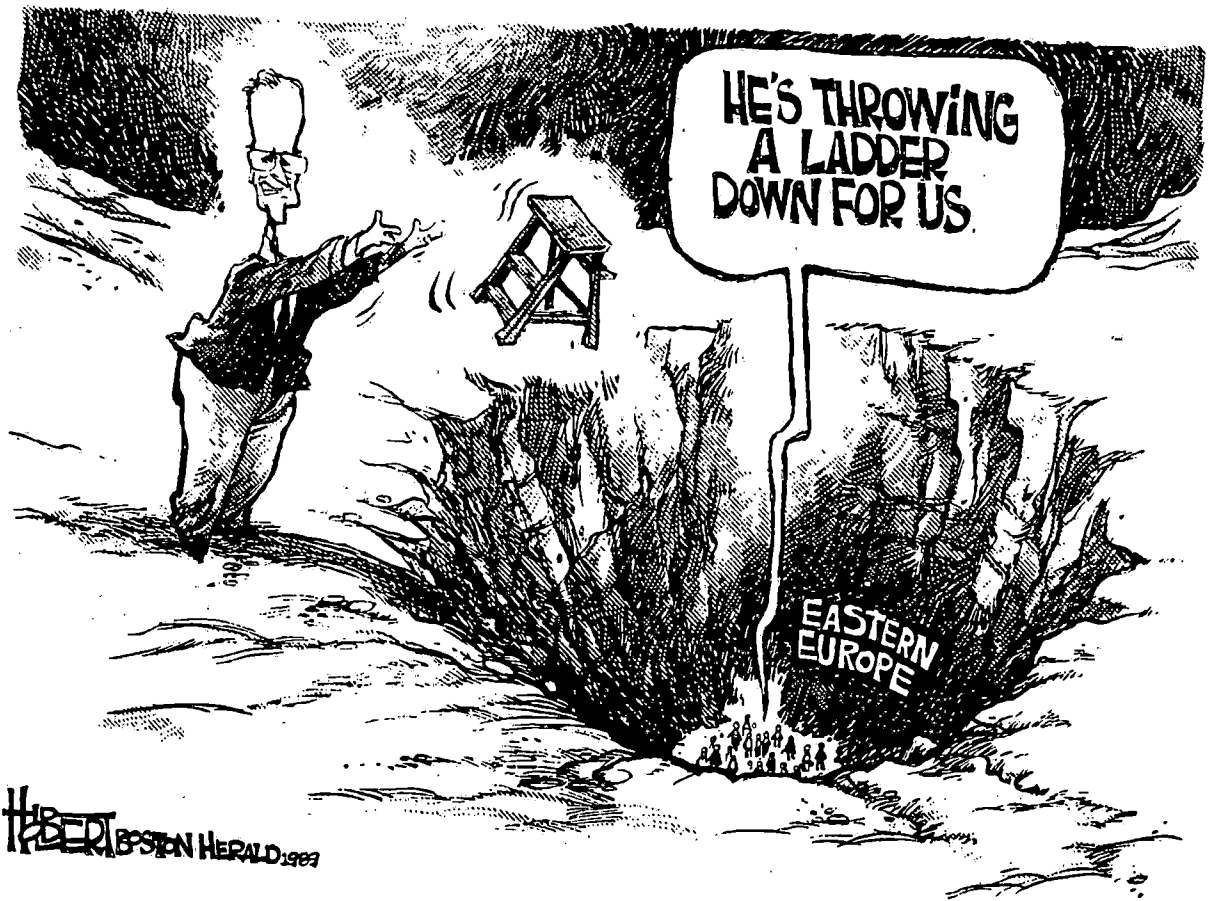


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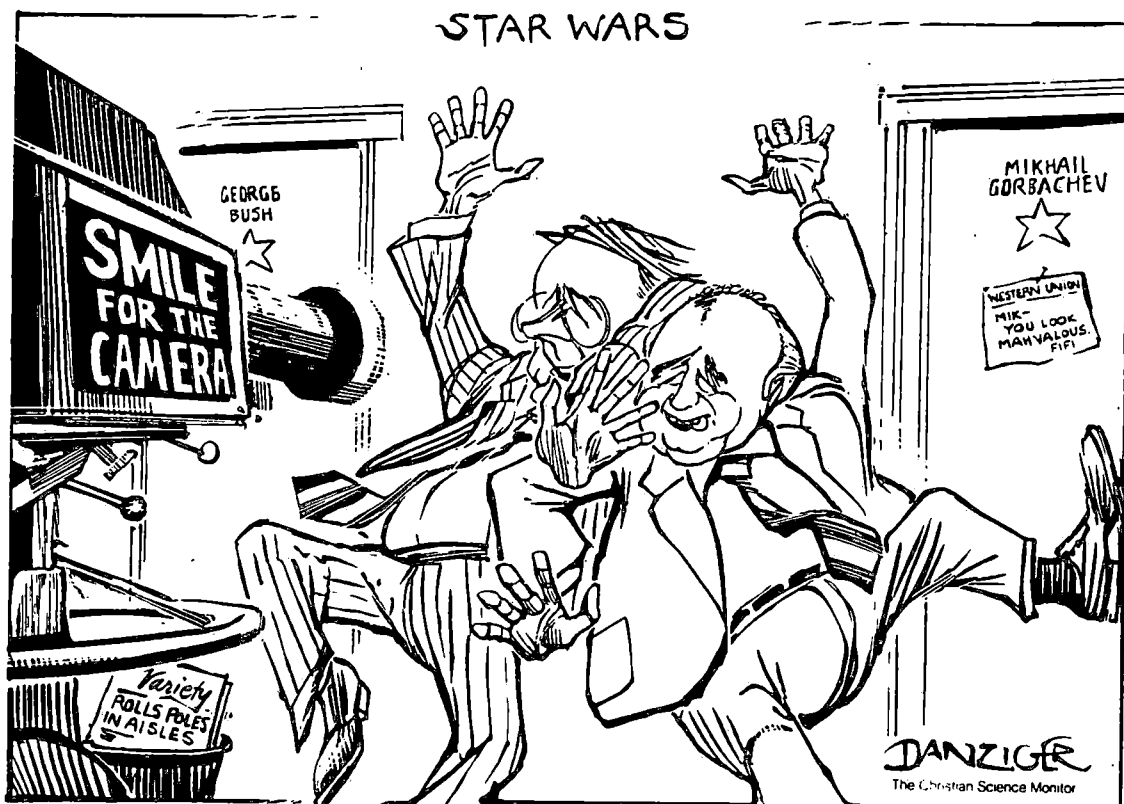
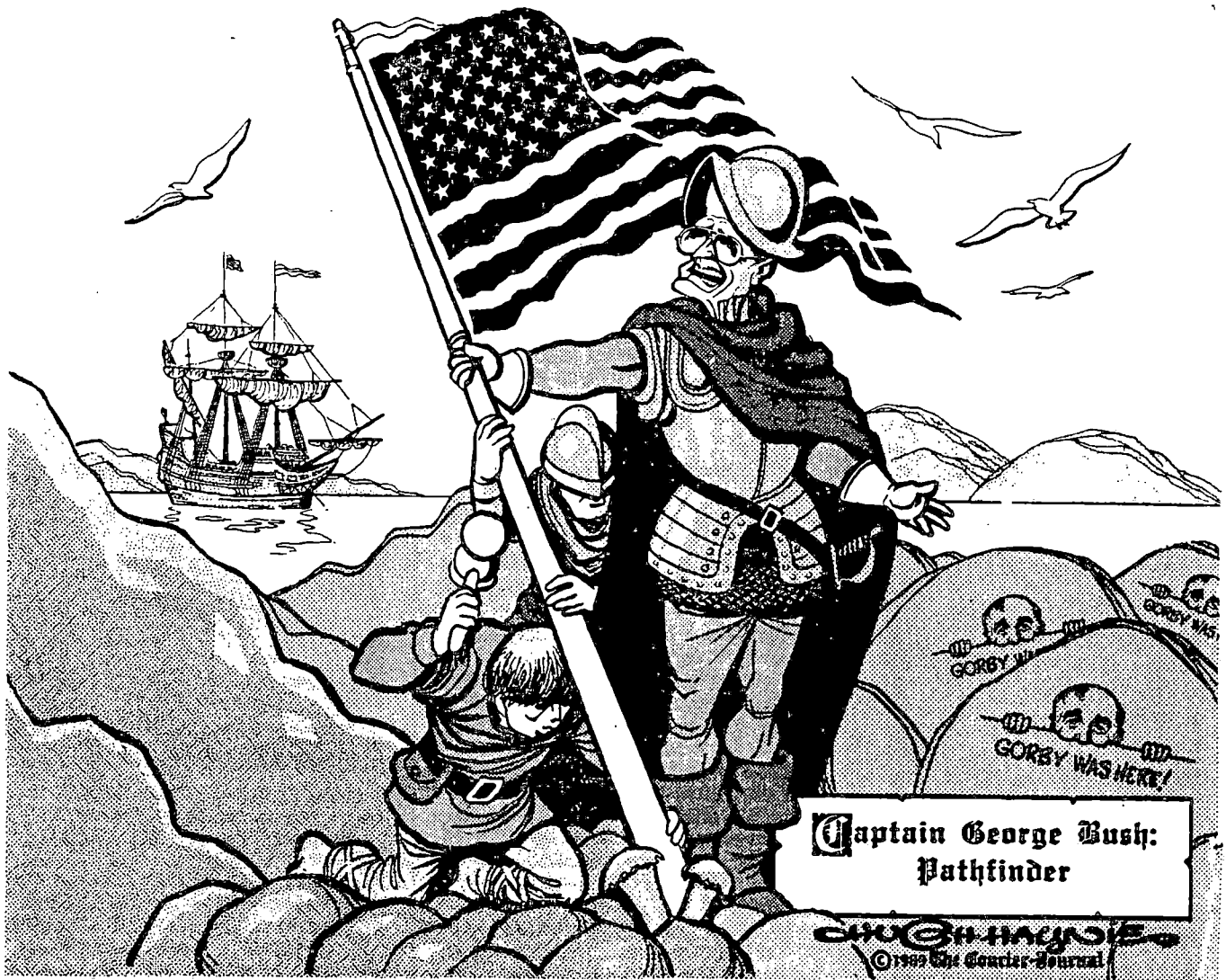
Robert's
Economy

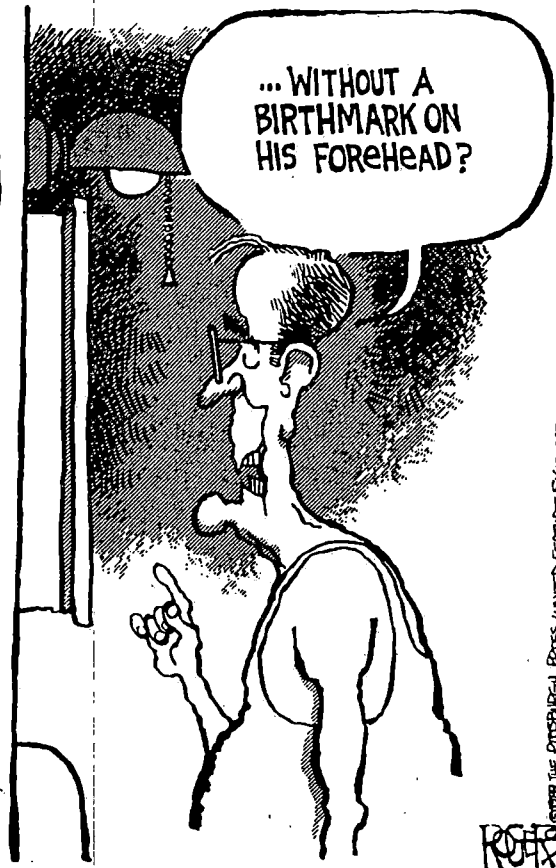
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AFTER THE SUMMIT, FRANÇOIS MITTERRAND DRIVES MAGGIE THATCHER HOME...

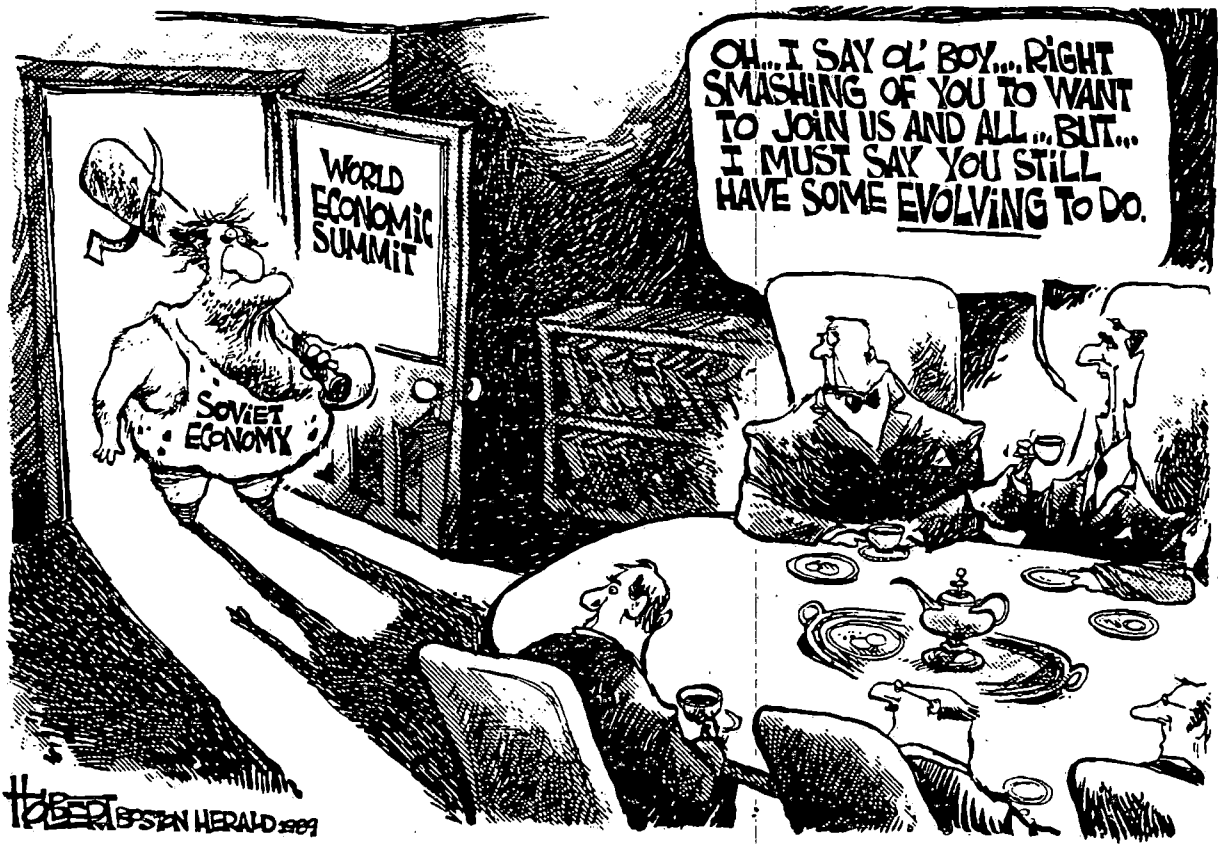






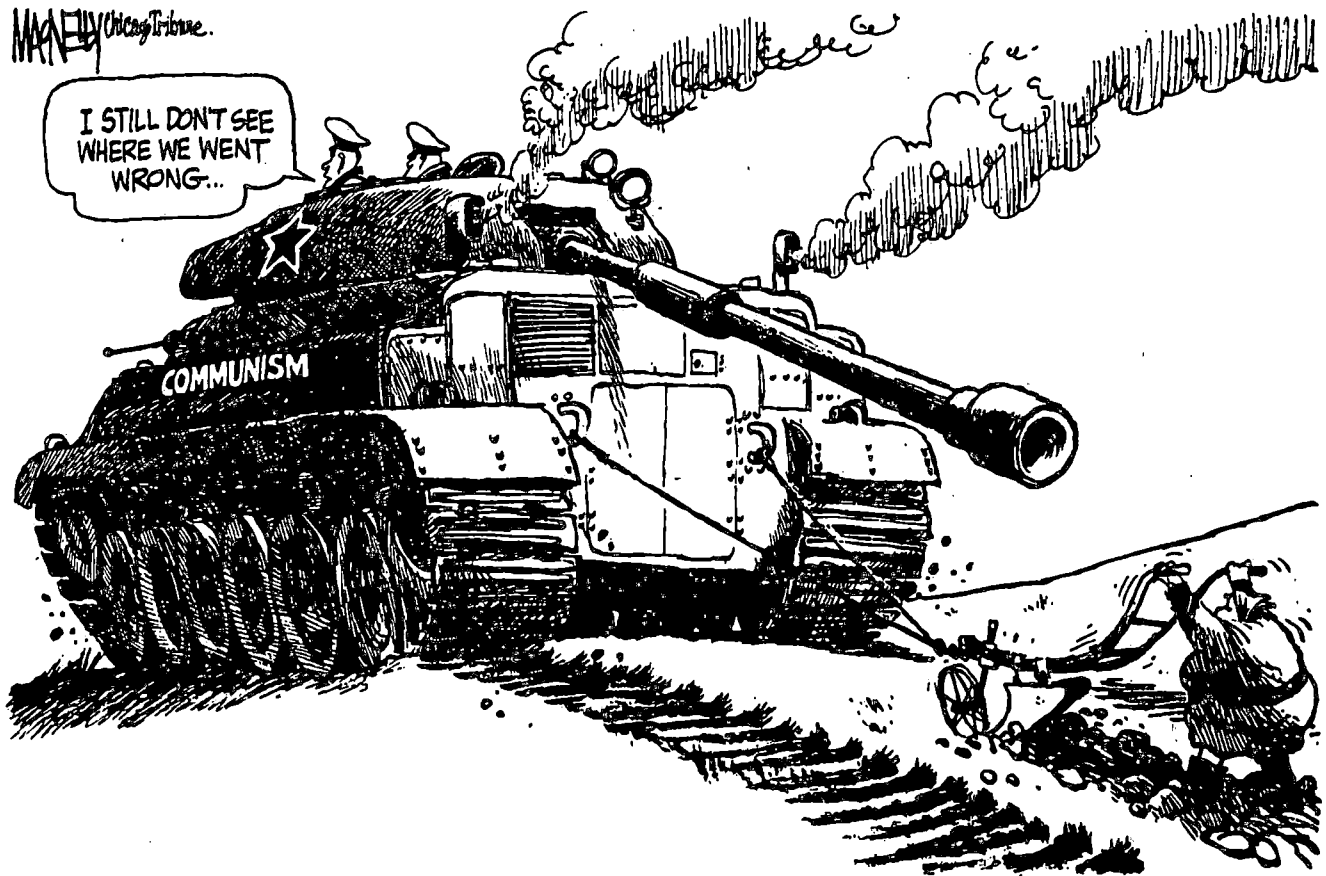
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ROTH



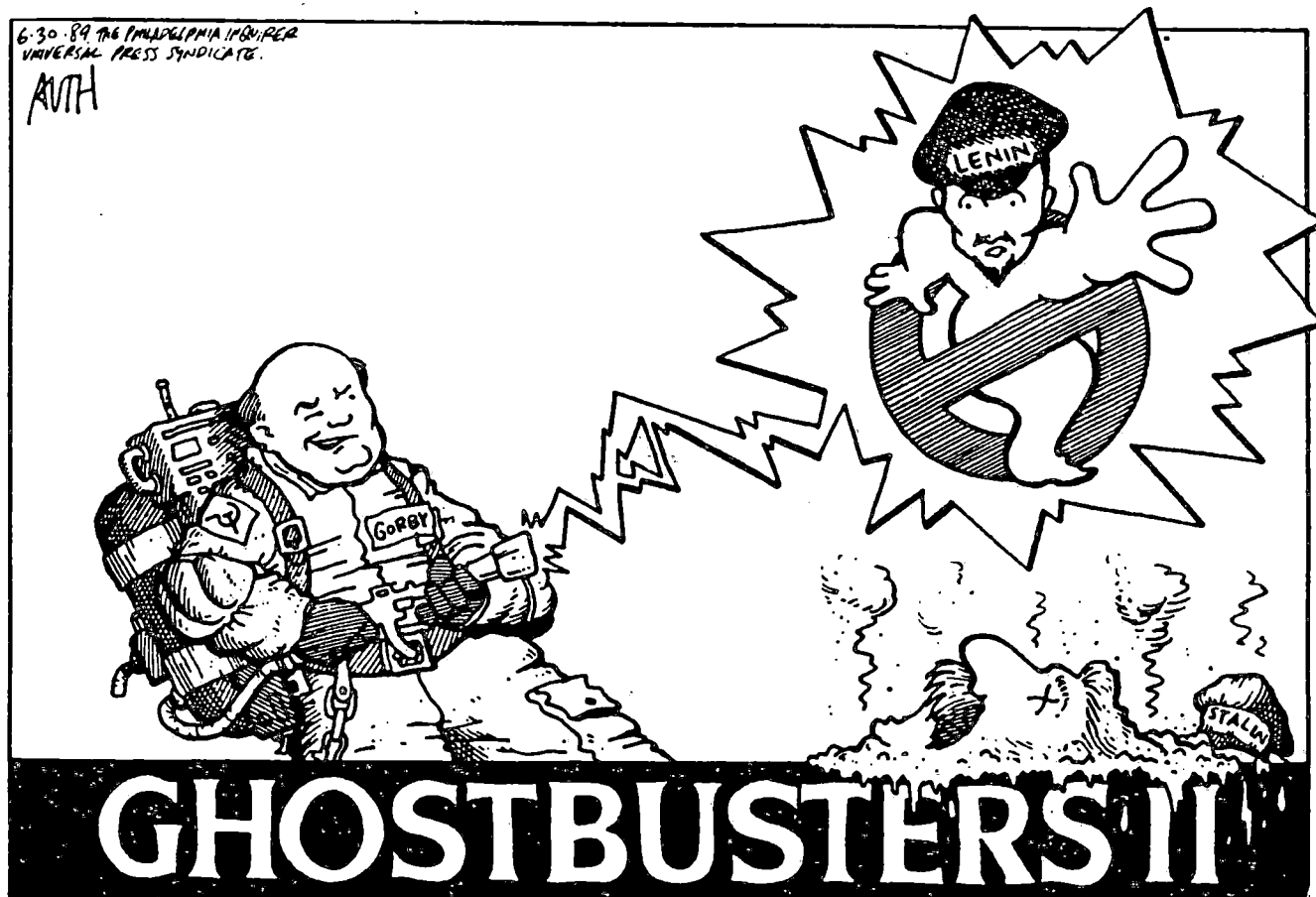
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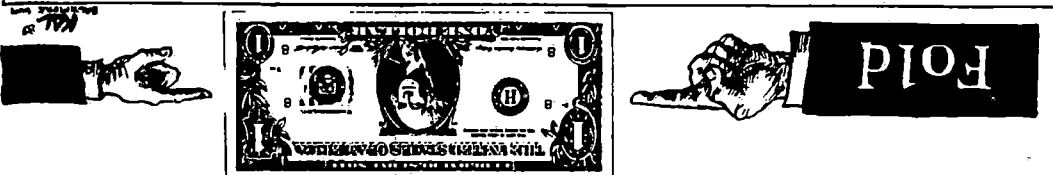
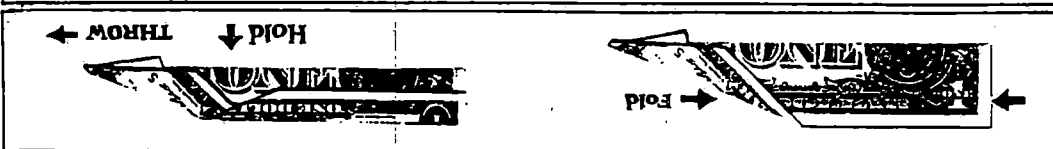
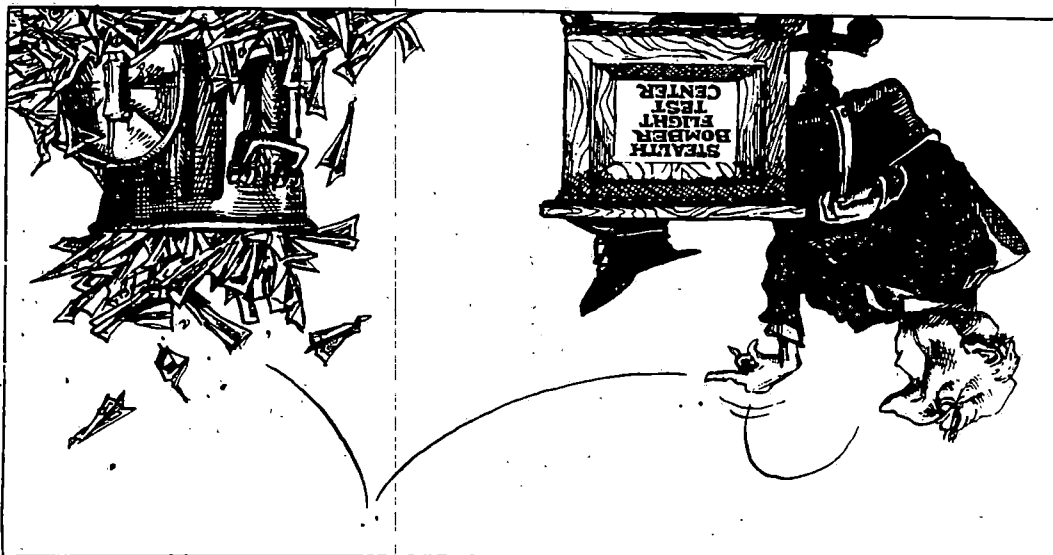
MAF Chicago Tribune.



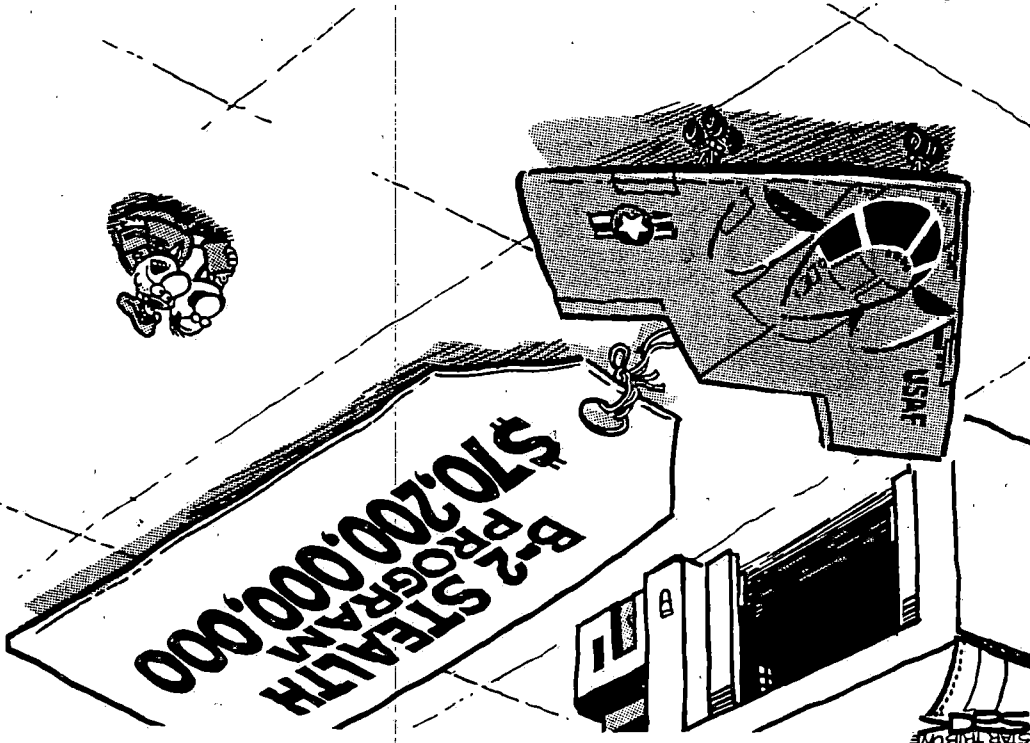
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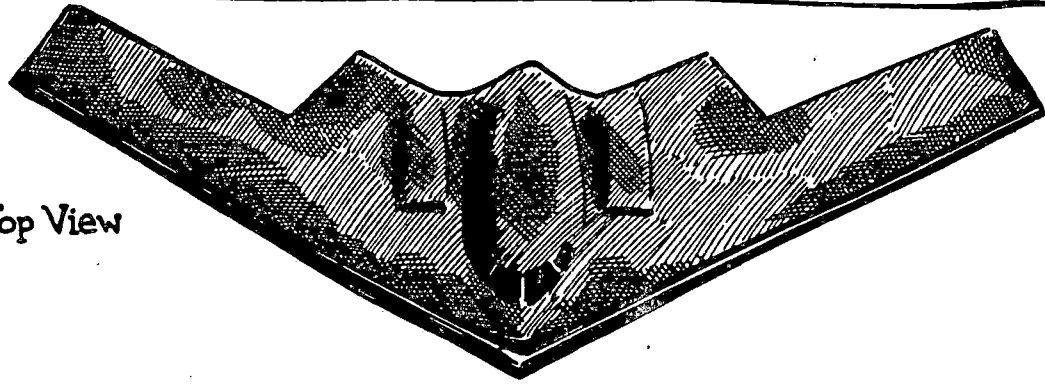
'NOW IF WE COULD JUST FIND A WAY TO MAKE THE PRICE TAG INVISIBLE...'



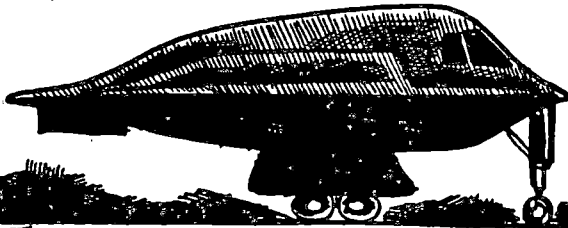
STAR TRIBUNE

The Stealth Bomber

Top View

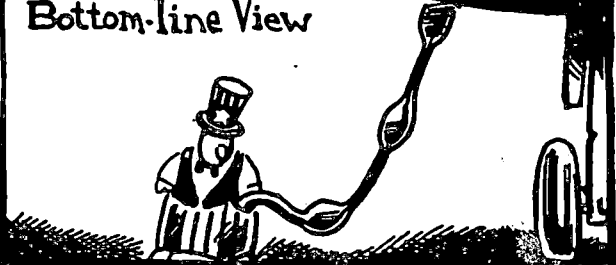


Side View



Tales UNIVERSAL PICTURES SHOWS
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Bottom-line View

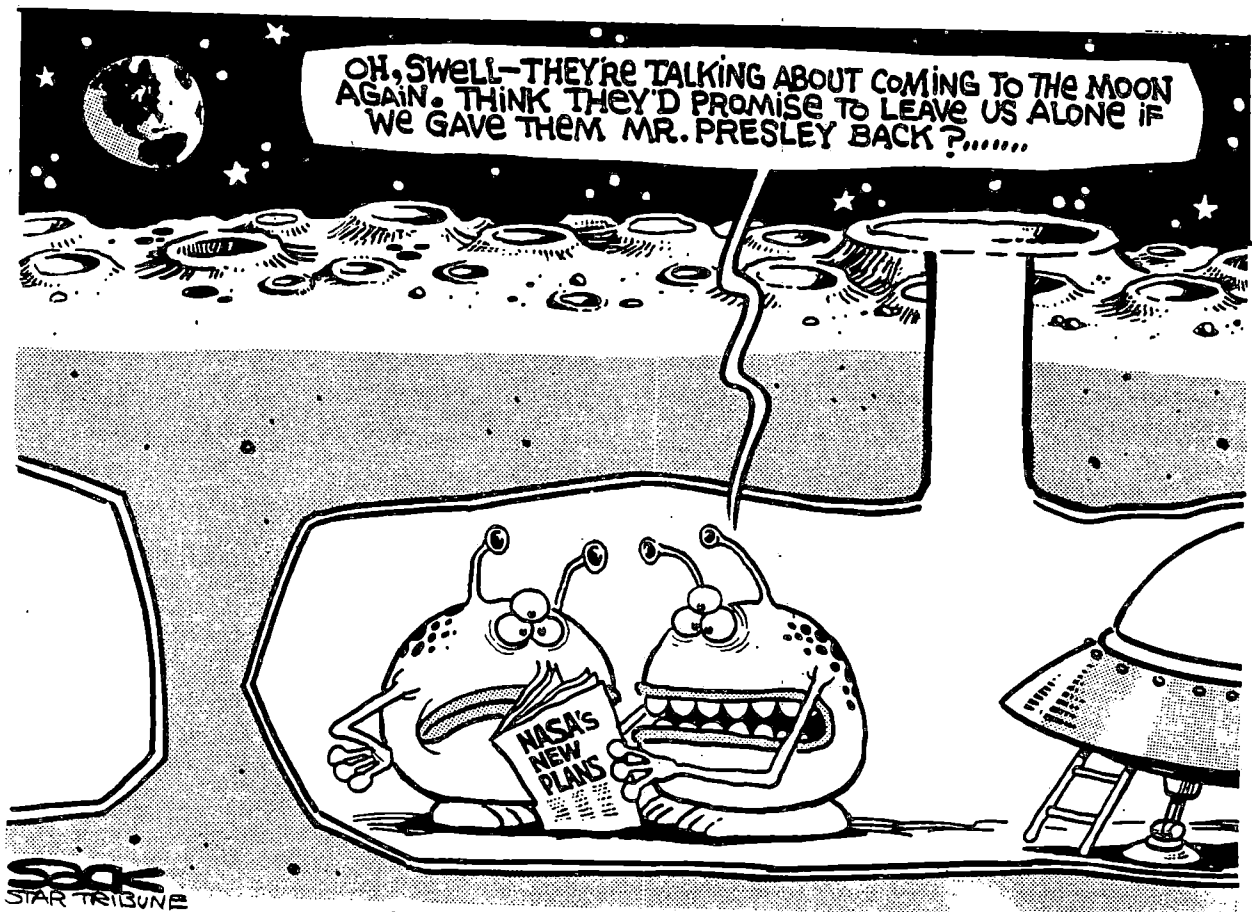
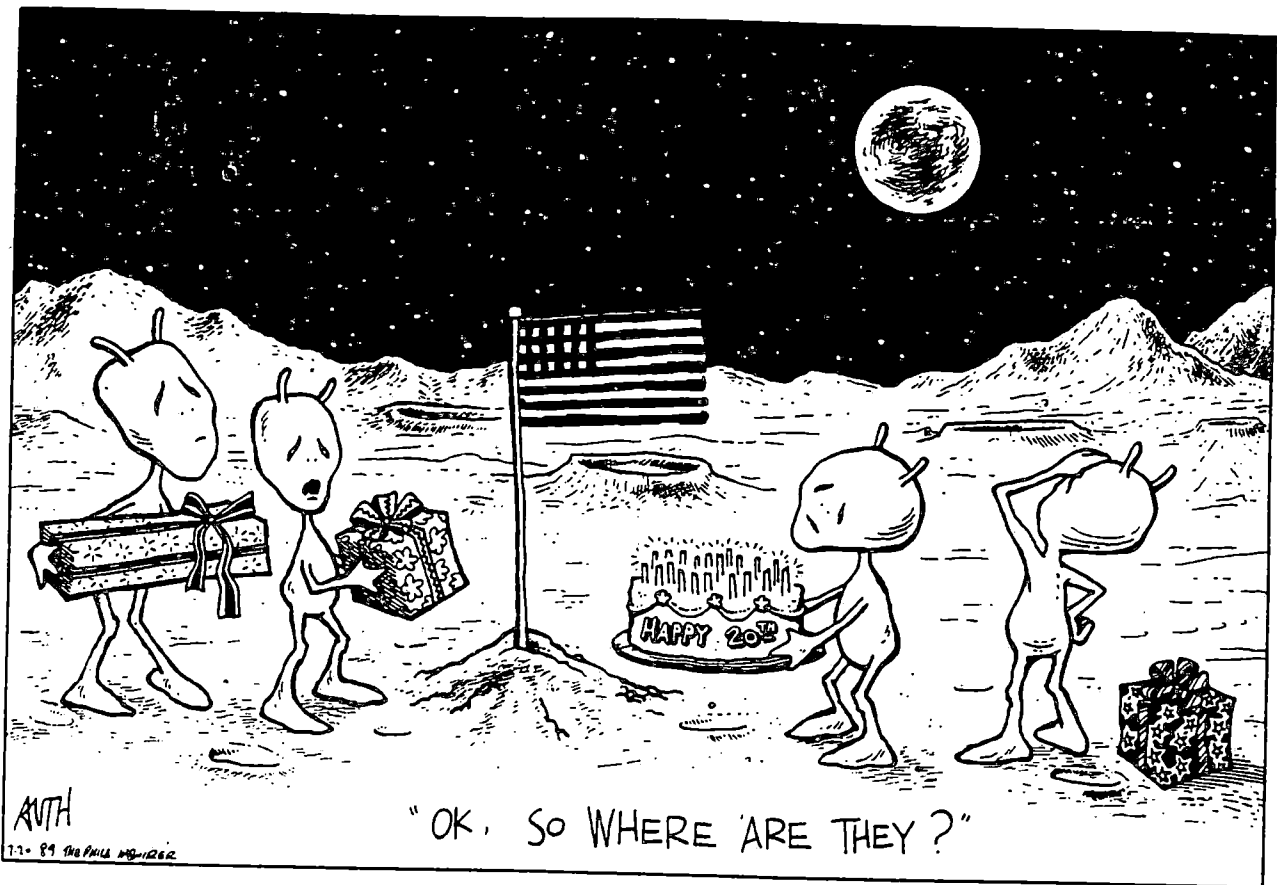


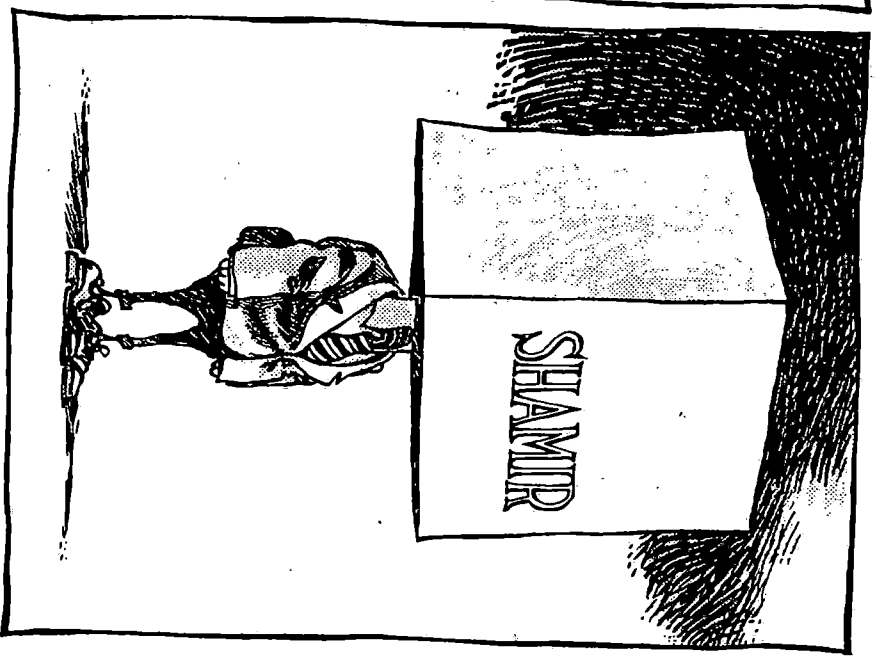
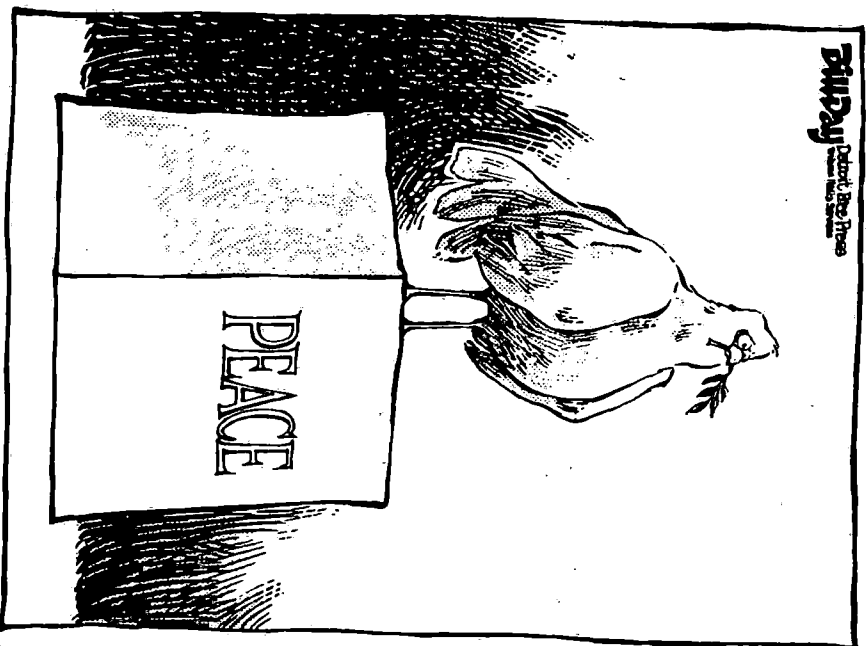
YOU'RE NOT SUPPOSED
TO BE ABLE TO SEE THAT—

Mike Luckovich
ATLANTA CONSTITUTION

These high-tech toys
are perfect for the champagne
and caviar set eager to slip
unseen on forays into fabulous
foreign territory! Each a
mere 500 million dollars!...



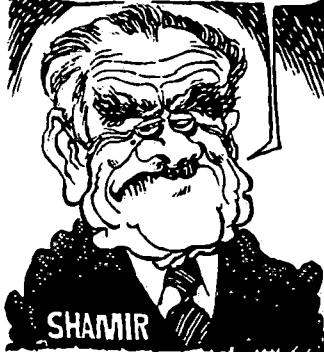




MONUMENTS

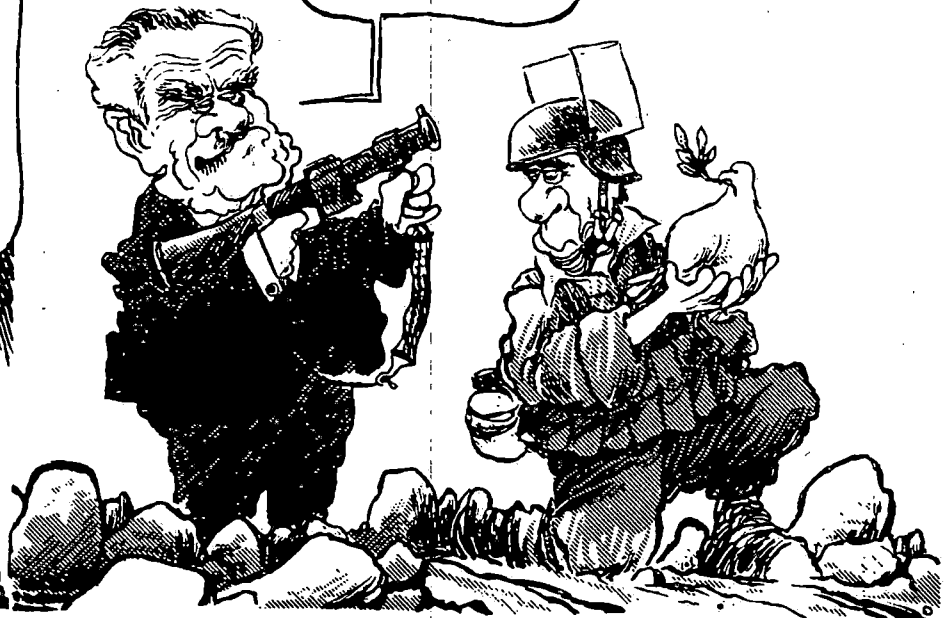


Let me assure
you that I am
pulling for
peace...



SHAMIR

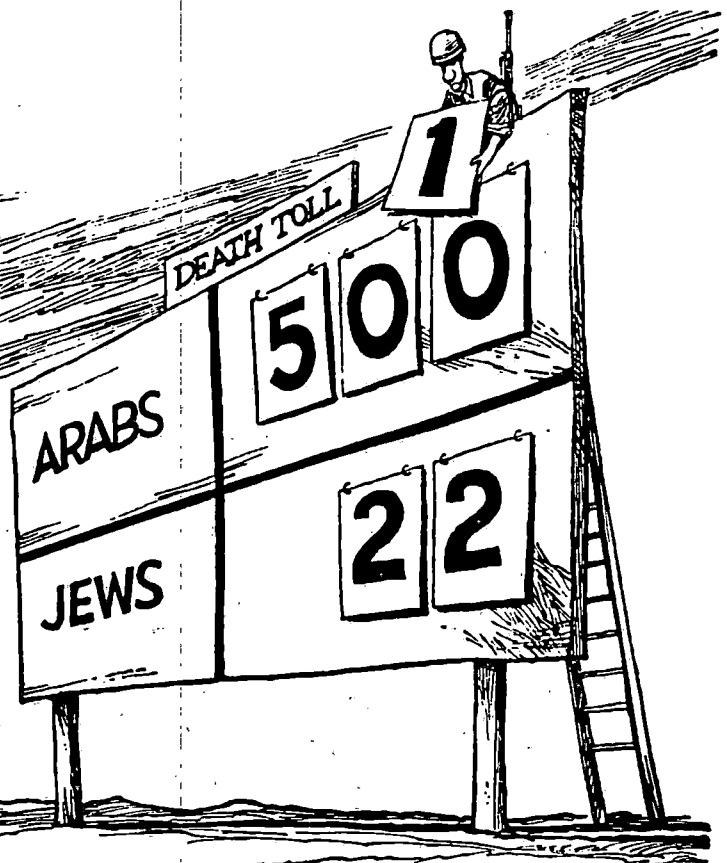
PULL!



I DON'T KNOW HOW
MUCH MORE OF THIS
DRIVING THEM INTO
THE SEA WE CAN
TAKE...

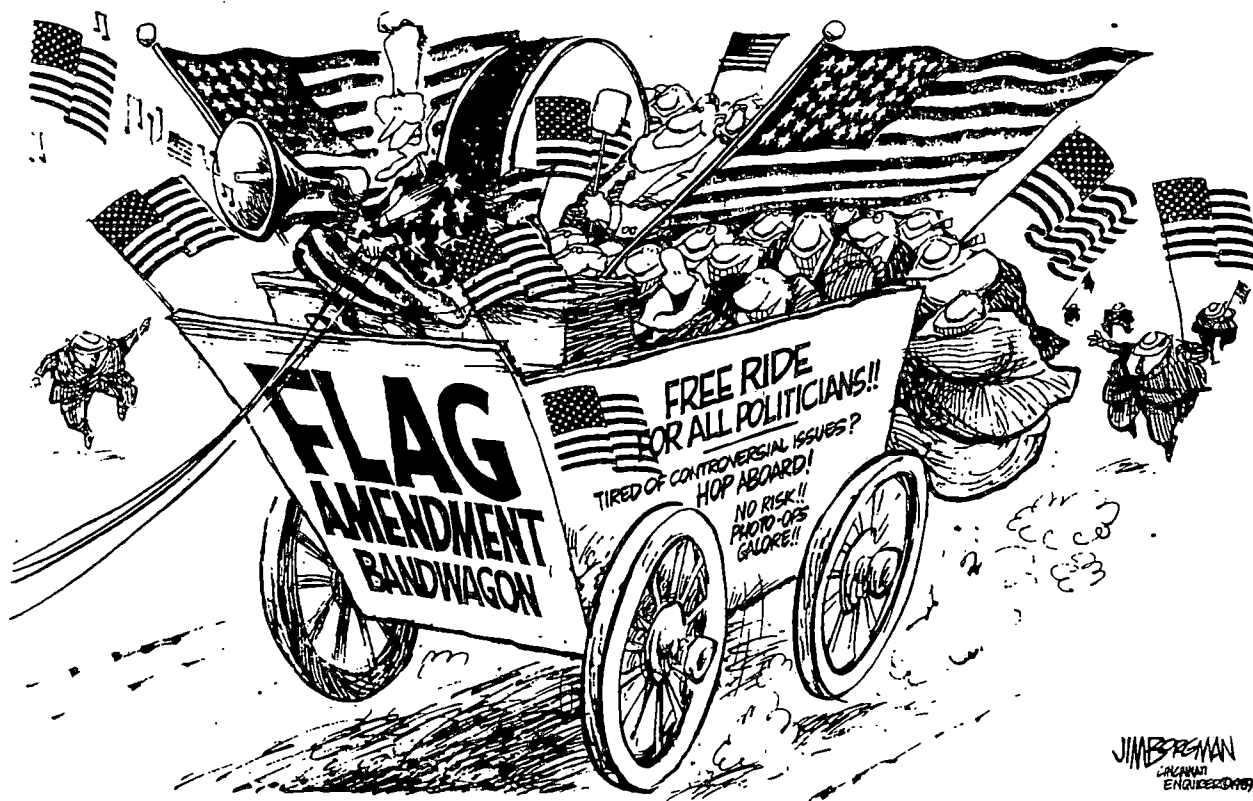
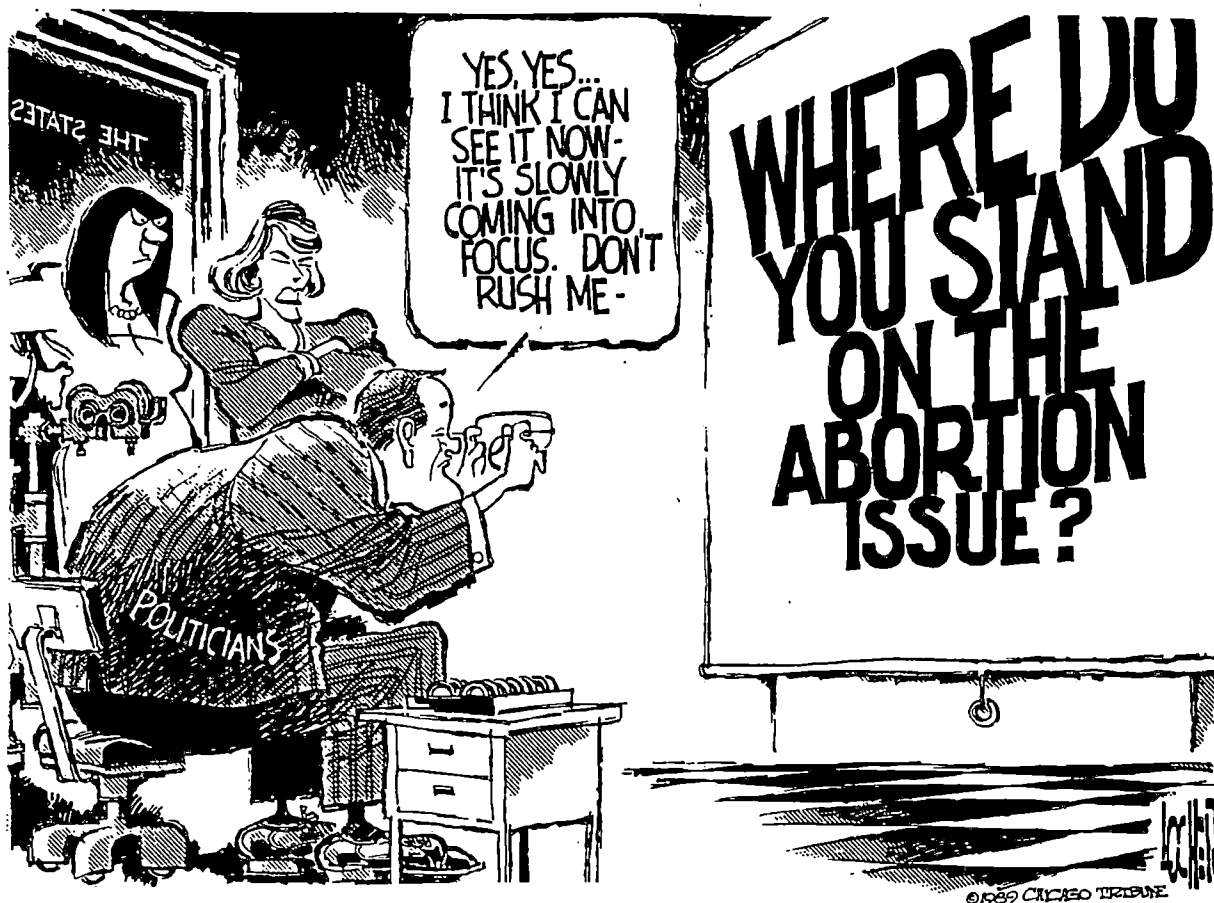


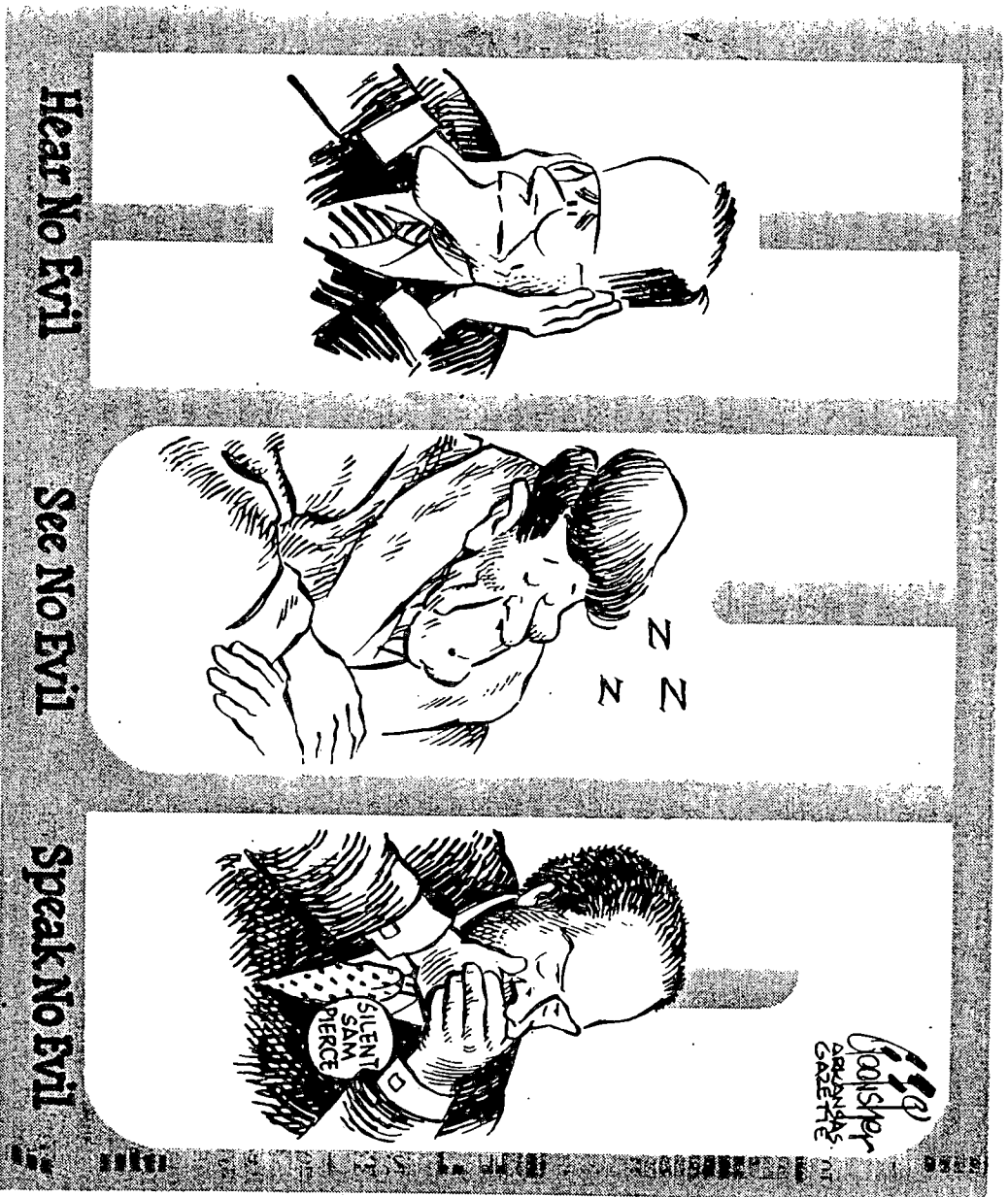
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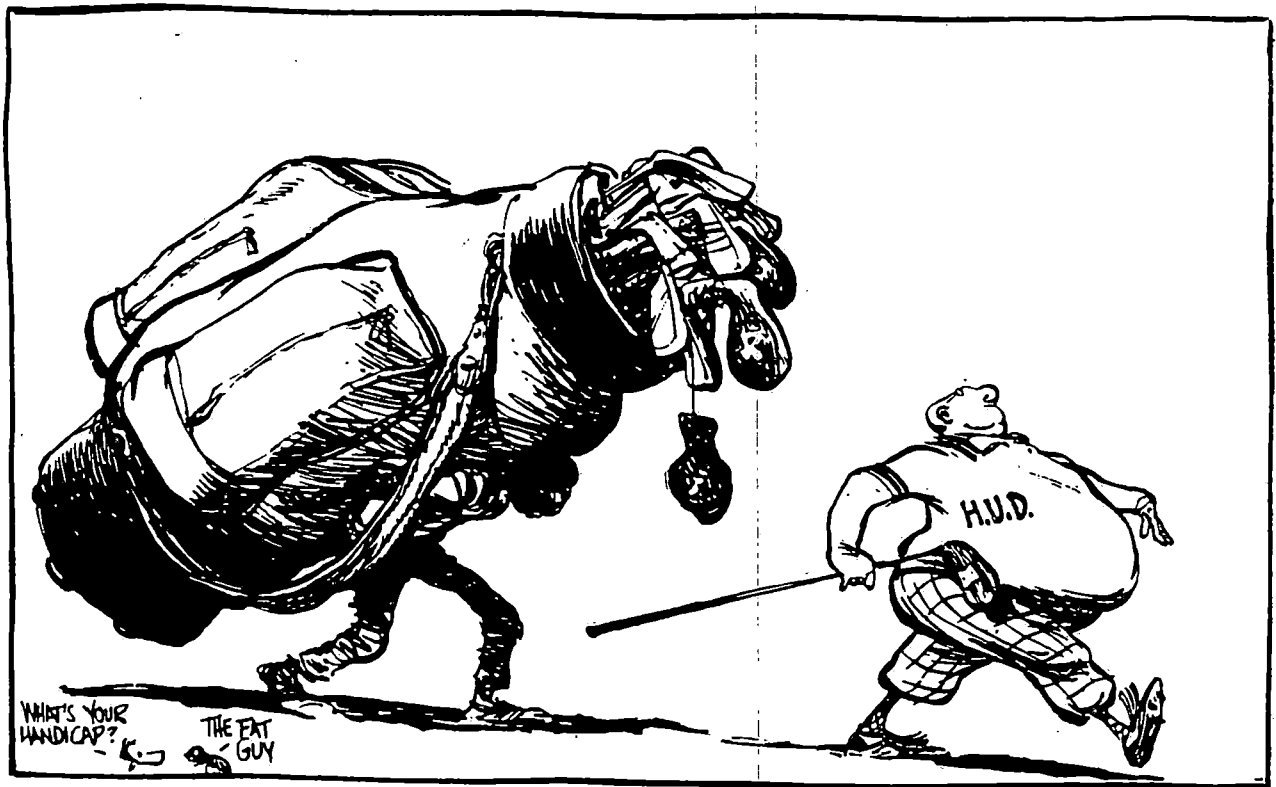
July 6, 1997



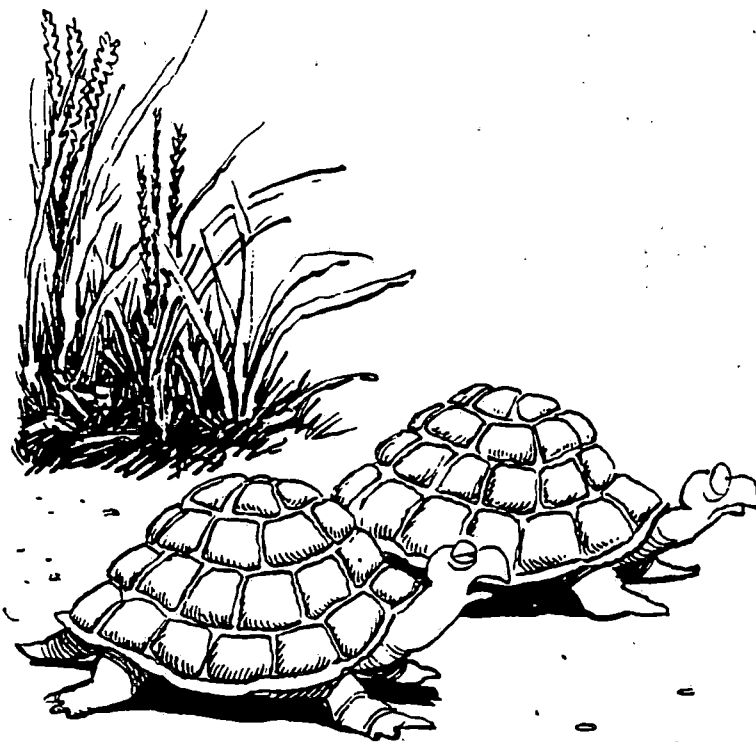




JUST THINK—SOME LIBERAL WOULD HAVE WASTED ALL THIS!



BY OLIPHANT



MARLETTE © 1989
NEWSDAY

" HE KNEW SOMEBODY AT HUD! "



ONE FROM "THE GIPPER"

STAR TRIBUNE
5205

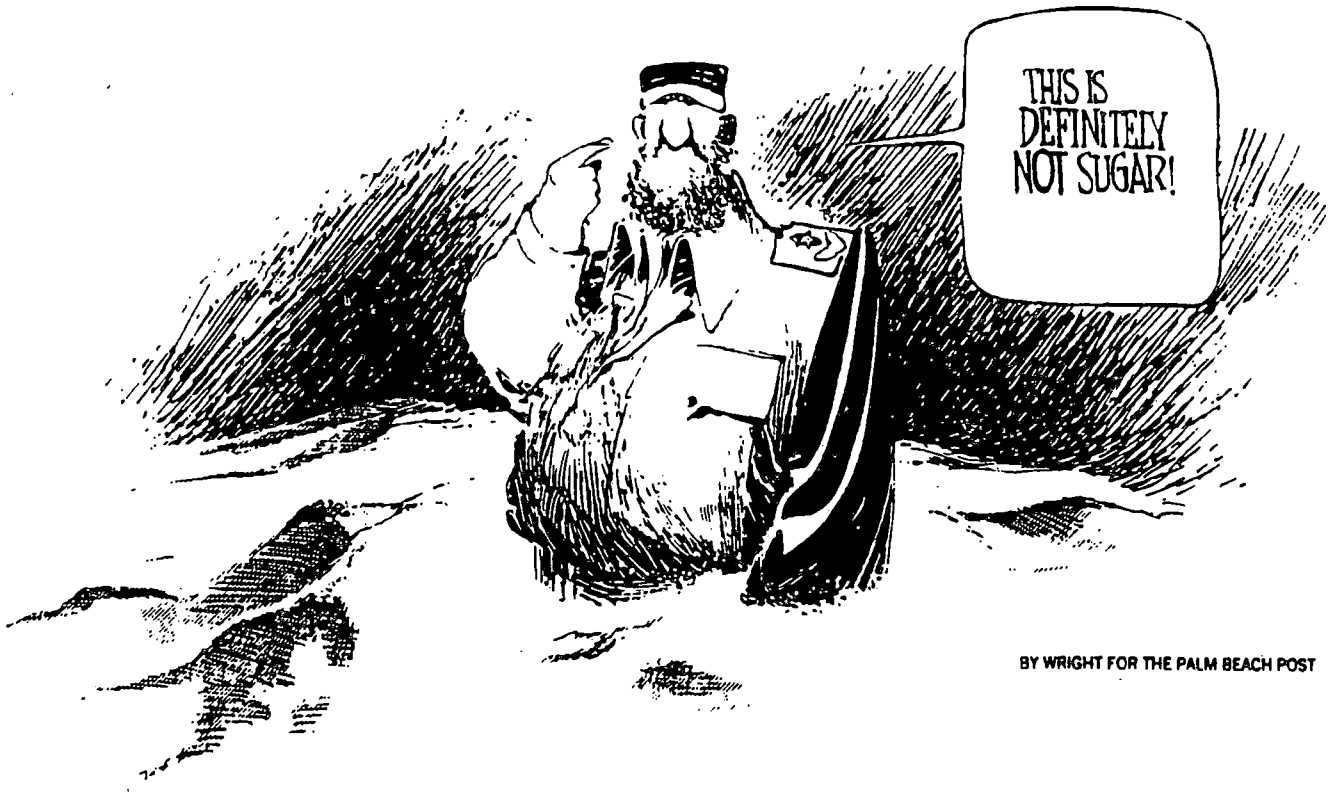




"SOMEHOW I DON'T THINK LEAVING IT UP TO INDUSTRY TO DECIDE WHAT METHOD TO USE IN FIGHTING AIR POLLUTION IS GOING TO WORK!"



BY SUMMERS FOR THE ORLANDO SENTINEL



BY WRIGHT FOR THE PALM BEACH POST



BASSED AT THE ATLANTIC JOURNAL

"THE CASTRO FAMILY WILL NOT TOLERATE ANY UNAUTHORIZED CUBAN DRUG OPERATION."

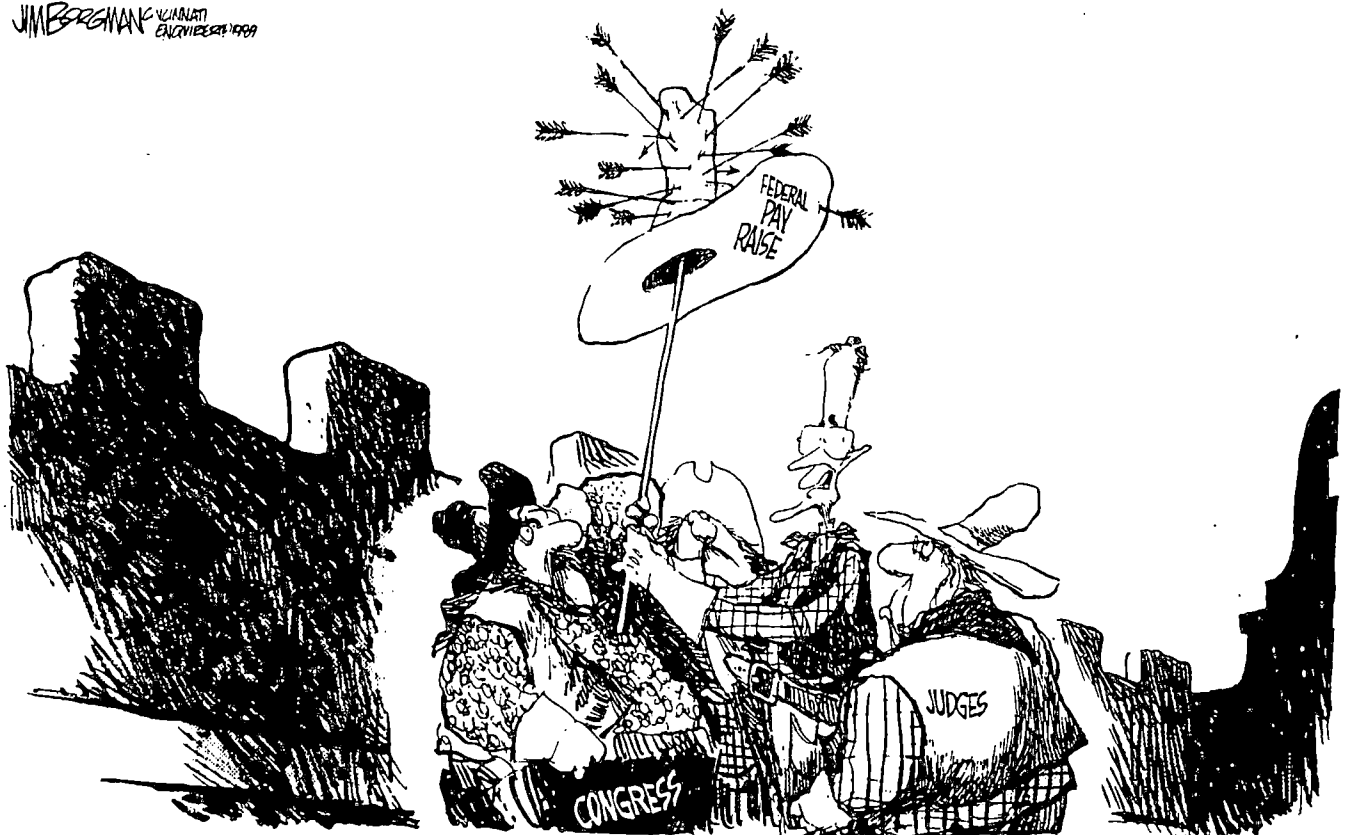


Sometime in the (not-too-distant) future. Congress is sworn in with their "New" oath of office...

YOU HAVE THE
RIGHT TO REMAIN
SILENT...

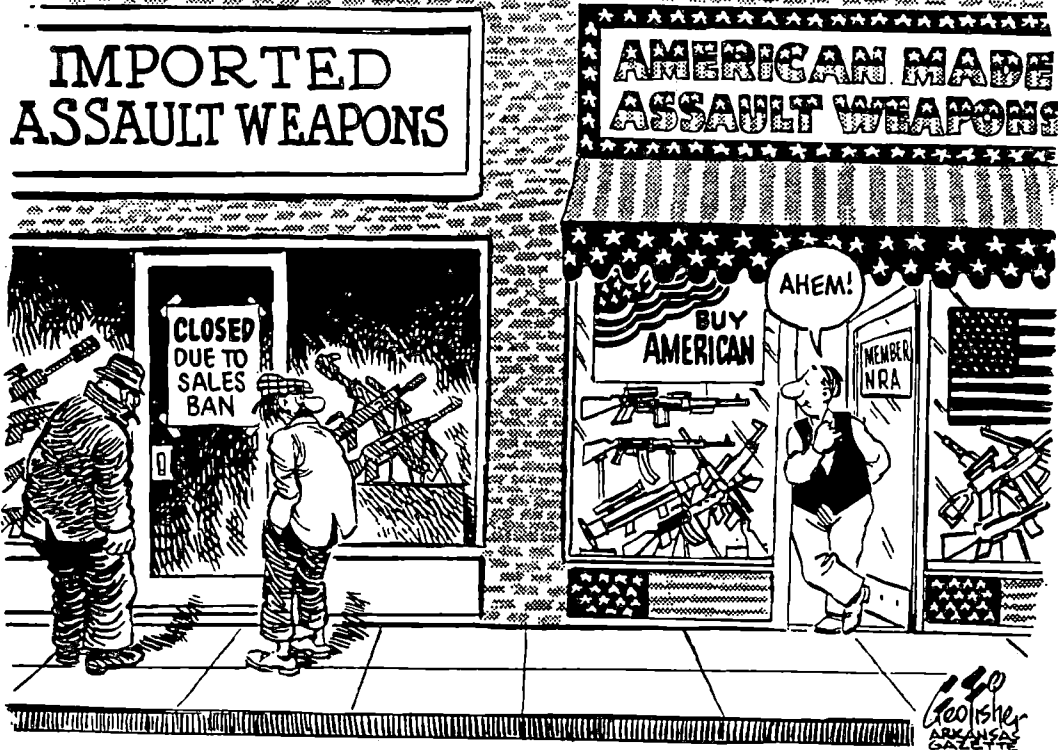


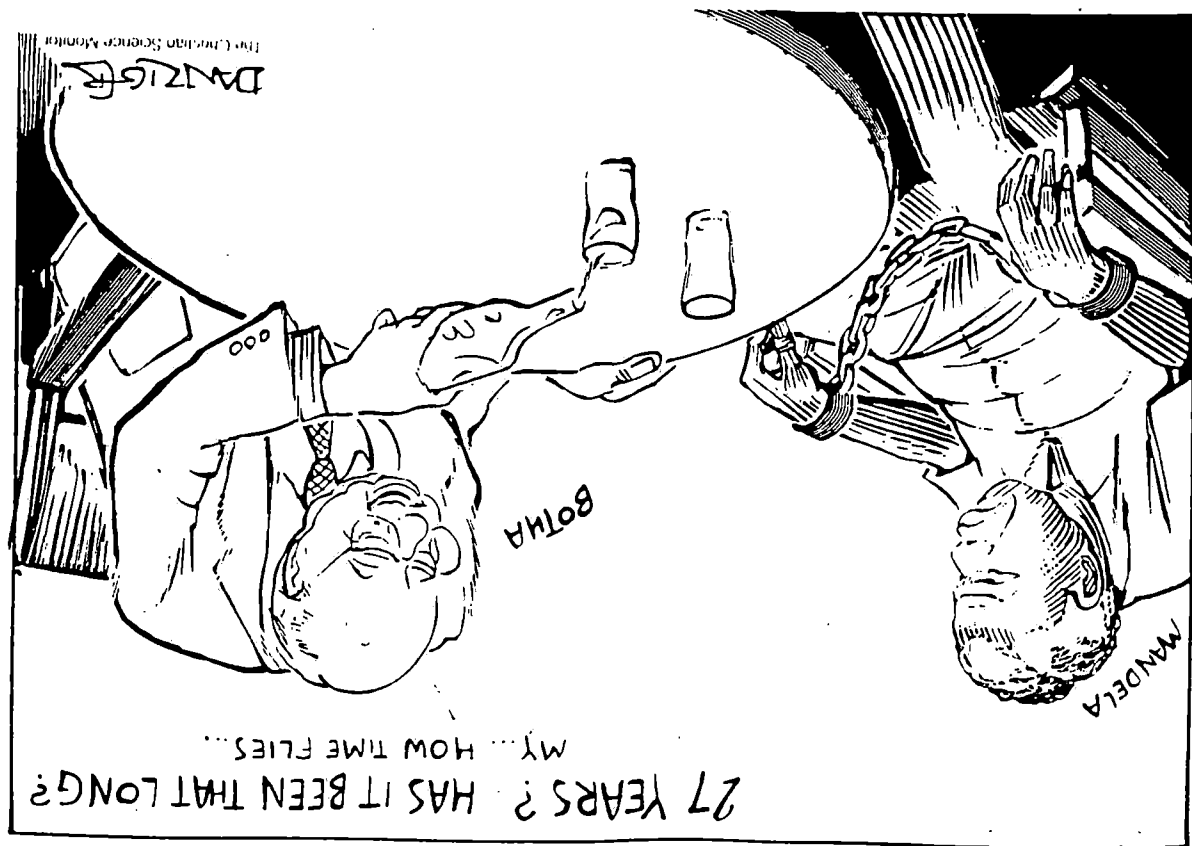
JIM BERGMAN
WASHINGTON
ENCOMPASS 1999



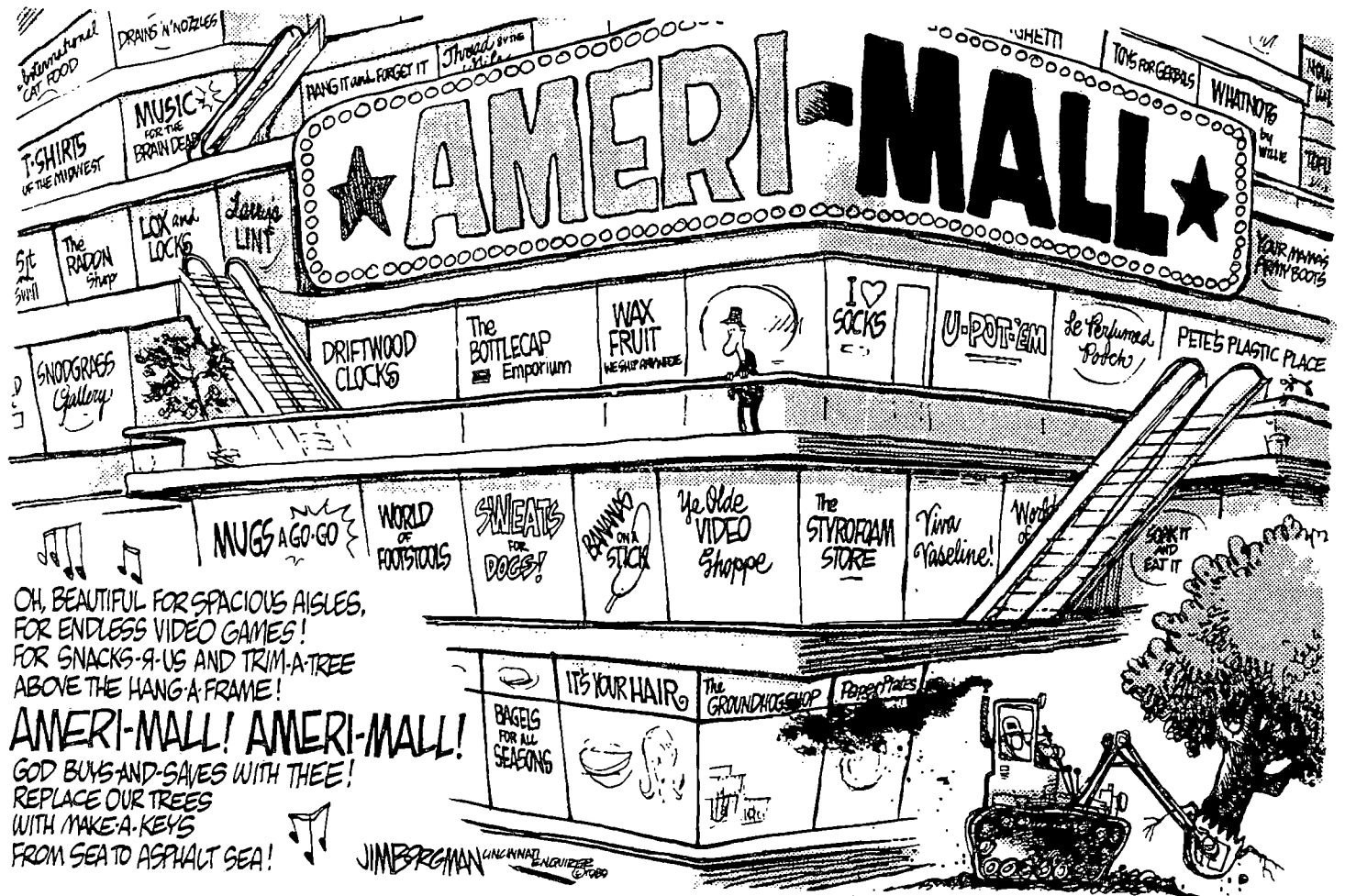
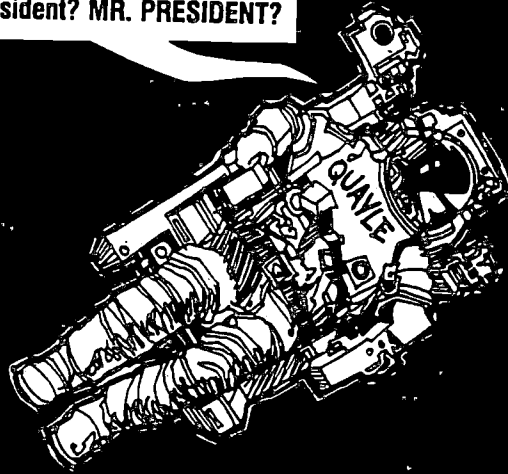
"LET'S TRY AGAIN I BET THEY DIDN'T REALLY MEAN IT "

Main Street, U.S.A.





Thanks for sending me to all these
places to learn things, Mr. President
— Mr. President? MR. PRESIDENT?



THE WHITE HOUSE
WASHINGTON

DATE:

7-21-89

FROM THE PRESIDENT

TO: The File

Decision made

9¹⁵ 2 1/2 years

give Carla some

flex. in how to

distribute increased

quotas

increase 1% / yr

THE WHITE HOUSE

WASHINGTON

July 19, 1989

MEMORANDUM FOR GOVERNOR SUNUNU

FROM: ROGER B. PORTER *RB*

SUBJECT: Steel Trade

During our trip, I did some more thinking about an issue that awaits the President on his return--steel. This memorandum outlines an alternative approach that may have a better chance of meeting all of the agreed objectives for the program while being more adaptable to alternative durations for the program.

Agreed Objectives of Any VRA Program

Based on EPC discussions, there is wide agreement that a new steel VRA program should meet the following three conditions:

1. Clean Exit. It must provide the President with a clean and certain exit from the VRAs at the end of the period chosen.
2. Gradual Phase-out. It should gradually phase out VRAs and avoid a "cliff" effect, such as would occur if liberalization of the quotas were deferred until the later stages of the program. The prospect of sharp increases in imports over a short period of time will only complicate our efforts to end import protection.
3. International Consensus. It should maximize USTR's leverage in obtaining an international consensus on steel trade-distorting practices.

The President's decision will also need to include assumptions about what countries and products are covered. The EPC discussions have assumed that, at least at the outset, the program would cover the same range of countries and steel products as the existing VRAs. The twenty-nine VRA countries now are limited to 18.4 percent of the U.S. market, including 1.8 million tons of semifinished steel.

Options Now on the Table

Options proposed by USTR and Treasury have received strong support but have limitations in terms of their ability to meet the conditions listed above.

- o The USTR approach would allow quota growth only for countries agreeing to a consensus. It offers no real certainty that the program will be phased down gradually enough to avoid the cliff effect when the program expires. The bulk of liberalization could be put off until after the Uruguay Round, which may or may not finish in two years.
- o Treasury's preferred approach would be a two-year program with automatic increases in quota. This approach implies a relatively certain end to VRAs, but carries little assurance that an international consensus can be negotiated during the lifetime of the program.
- o Treasury's fallback approach assumes a four-year program with a one percent annual increase in permitted imports. This approach would require that half the growth be automatic and half be conditional. It offers a straightforward way out of the VRAs, but significantly reduces U.S. leverage for negotiating a consensus.

A Possible Alternative

One possible way of maximizing the odds of meeting all of the key conditions would be to design a program that provided for automatic increases allocated conditionally, as outlined below.

1. Automatic Annual Increases. Imports would be allowed to grow automatically as a share of the U.S. market by one percent annually above the VRA base level (18.4 percent).
2. Conditional Allocation of the Increase. To create incentives to trade fairly, top priority in distributing the one percent annual increase would go to countries that have entered into bilateral or multilateral agreements to refrain from trade-distorting subsidies and to reduce tariff and non-tariff barriers to steel trade.

The one percent increase would lead to substantial opening of the U.S. market. At present, imports account for 20.8 percent of U.S. steel consumption. Because the VRA countries have not been able to fill their quota of 18.4 percent, only 14.7 percent comes from VRA countries. The remainder is attributable to imports from non-VRA countries, like Canada and Sweden, who account for 6.1 percent. Assuming that imports from non-VRA countries continue at present levels and that the VRA countries fill their 18.4 percent quota, one percent annual increases in VRA levels could lead to an import penetration of 26.5 percent after two years and 28.5 percent after four years. These levels would equal or exceed the

peak 26.5 percent market share captured by imports in 1984 when the steel VRA program was instituted (see table at Tab A).

While this approach promises rapid liberalization, it also creates incentives for supplying countries to agree to an international consensus. By giving preference to countries entering into agreements to trade fairly, the approach would preserve Ambassador Hills' leverage. It also offers a way to gradually draw the industry away from quotas and return the steel issue to antidumping and countervailing duty cases aimed at specific unfair trade practices.

This approach is flexible as to duration. It could be implemented as well with a 2-1/2 year or a 4 year program, although Ambassador Hills would likely argue for the longer period to enhance her negotiating leverage and avoid complications with the Uruguay Round.

The approach is consistent with the President's commitment as formulated in the November 4 letter to Senator Heinz.

Finally, I have discussed the approach with Secretary Brady and Mike Boskin, who both agree with it. To give you a feeling for how this approach would be portrayed to USTR and to the public, I am attaching a draft press release (Tab B) and a draft directive to USTR (Tab C).

Attachments

Tab A	Table
Tab B	Draft Press Release
Tab C	Draft Directive to USTR

ALTERNATIVE PROPOSAL FOR STEEL VRA PROGRAM:
IMPACT ON IMPORT PENETRATION

(as percent of U.S. apparent consumption)

	Previous Peak Year (1984)	1988		1991 Projected*
		Quota	Actual	
From VRA Countries.....	21.8	18.4	14.7	20.4
From Non-VRA Countries...	<u>4.6</u>	<u>6.1</u>	<u>6.1</u>	<u>6.1</u>
<u>TOTAL MARKET SHARE.....</u>	26.5	24.5	20.8	26.5

- * Assumes that: 1) imports from VRA countries would be allowed to increase in 1990 and 1991 by 1 percent per year above quota levels; 2) quotas would be filled; and 3) imports from non-VRA countries would maintain a steady market share.

July 19, 1989

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THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

July __, 1989

STATEMENT BY THE PRESIDENT

Today, I am instituting a [~~four~~^{2 1/2}-year] program designed to phase out voluntary restraint agreements (VRAs) that limit steel imports into the United States. Consistent with our policy of seeking free and open trade worldwide, the program will lead to permanent termination of U.S. restrictions on steel imports and negotiation of an international consensus to provide effective disciplines over unfair trade practices.

I am directing U.S. Trade Representative Carla A. Hills to oversee implementation of the program. As an interim measure, Ambassador Hills will negotiate transitional extensions of the steel VRAs that currently limit imports from VRA countries to 18.4 percent of the U.S. market, including 1.8 million tons of semi-finished steel. To bring about the orderly termination of import restrictions, the overall limit on aggregate imports from VRA countries will automatically increase each year by one percent of apparent U.S. steel consumption.

I am also directing Ambassador Hills to negotiate with our trading partners a consensus to provide effective international disciplines over government aid and intervention in the steel sector and barriers to global steel trade. The international consensus will contain three elements:

- o Strong disciplines over trade-distorting government subsidies;
- o Lowering of trade barriers so as to guarantee access to each other's markets; and
- o Swift and effective enforcement measures to deal with violations of consensus obligations.

For decades, governments, including the United States, have supported their steel producers through subsidies and import restrictions. Steel trade and the international trading system as a whole have suffered. This self-defeating competition must end. Accordingly, to facilitate agreement on a consensus, the United States will give top priority in distributing the one percent annual increase in VRA imports to countries that are prepared to enter into multilateral or bilateral agreements to refrain from unfair trade practices.

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Although I am extending the VRAs for a transitional period, I am mindful of the concerns raised by American steel-consuming industries. The automatic one percent annual increases in the VRAs will increase the supply of steel in the United States and promote price competition. The quotas for imports of semi-finished steel will increase significantly to alleviate shortages that appeared last year. The limits on specialty steel imports will also increase, since that part of the industry has had a longer period of import protection and thus more time to adjust. Finally, to ensure that steel is available on a timely basis, the Department of Commerce will speed up and streamline the existing short supply mechanism to address user concerns.

Since 1984, the steel industry has made considerable progress toward improving its competitiveness and modernizing its production facilities. It has reduced capacity, cut costs, and modernized its equipment and technology. These efforts must continue. Accordingly, consistent with our aim of promoting industry adjustment, the Administration will support the extension of legislation requiring the major domestic carbon and specialty steel producers to reinvest substantially all of their net cash flow in the continued modernization of their industries and worker retraining. USTR will also ask the U.S. International Trade Commission to monitor and report regularly on developments in the carbon and specialty steel industries, including wages and executive compensation.

In line with my commitment to free and open trade, the steel voluntary restraint agreements will end on [September 30, 1993.] Once the VRAs are terminated, U.S. steel producers, like other American industries, will rely on our domestic trade laws to protect themselves from unfair foreign competition. The Department of Commerce will rigorously enforce the laws against injurious dumping and subsidization.

I urge our trading partners to work with us to reach an international agreement on measures to restore free and fair steel trade. The United States is prepared to do its part by phasing out the steel VRAs. Together, we have an opportunity to take a sector that is rife with trade-distorting practices and import restrictions and bring it back into the international trading system. We look forward to working with other nations to this end.

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July __, 1989

STEEL IMPORT RELIEF DETERMINATION

MEMORANDUM FOR THE UNITED STATES TRADE REPRESENTATIVE

I have decided to establish a [four-year] Steel Trade Liberalization Program and hereby direct the United States Trade Representative (USTR) to begin immediately its implementation. The program is designed to phase out in a responsible and orderly manner the voluntary restraint agreements (VRAs) that currently limit steel imports to 20.7 percent of the U.S. market.

The centerpiece of the new program is the negotiation of an international consensus to eliminate trade-distorting practices in the steel sector. This negotiation will take place in the Uruguay Round of Multilateral Trade Negotiations and, if appropriate, bilaterally. It will seek effective disciplines over trade-distorting subsidies, as well as reductions of tariff and non-tariff barriers to international steel trade.

As a transitional measure, the existing voluntary restraint arrangements will be renegotiated. During the transition period, the overall limit on steel imports from VRA countries will be increased annually by one percent of projected U.S. consumption of steel. In allocating to supplying countries the overall one percent increase, the U.S. Trade Representative shall give top priority to countries that have entered into effective disciplines with respect to trade-distorting practices.

When the program terminates on [September 30, 1993] the unfair trade laws will be used to swiftly and rigorously remedy the effects of injurious trade-distorting practices.

I am directing you to coordinate and direct the implementation of this [four-year] Steel Trade Liberalization Program which includes the following elements:

1. The United States Trade Representative (USTR) will negotiate an international consensus to provide for both fair and open trade in steel.
2. The USTR will negotiate transitional extensions of voluntary restraint arrangements. The USTR will allow the overall limit on imports from VRA countries to

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the overall limit on imports from VRA countries to increase by one percent per year. In allocating the increase, USTR shall give top priority to countries that have entered into acceptable multilateral or bilateral undertakings with respect to unfair trade practices and market access.

3. The USTR will seek to implement the program in a way that recognizes the legitimate concerns of U.S. steel consumers.
4. The Administration will support the extension of legislation to make such voluntary arrangements enforceable at our borders and to require industry reinvestment.
5. The Department of Commerce will continue to rigorously enforce our unfair trade laws.
6. The United States International Trade Commission will be asked to continue to monitor the efforts of the steel industry to adjust and modernize, and to prepare an annual report for the President on those efforts.

The Steel Trade Liberalization Program described above will lead to fair and open steel trade, so that steel is produced and traded on the basis of market forces, rather than governmental aid and intervention.

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PRESIDENT BUSH'S STEEL LIBERALIZATION PROGRAM

O President's Objectives:

- International Consensus
- Final Phase-Out of VRAs
- Steel Industry to Rely on U.S. Trade Laws
- Modernization of U.S. Steel Industry

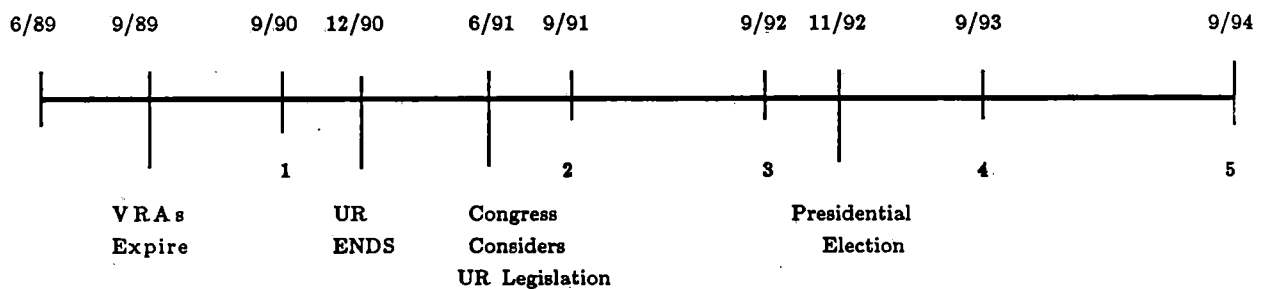
O Premise:

- Compatability of International Consensus with Uruguay Round

O Issues For Decision:

- ✓ - Should Duration of VRAs be 2, 3, 4, or 5 Years?
- Should VRAs be Liberalized; if so, Automatically or Conditionally?
- Should All Steel Products be Covered?

O Time Line for Decision:



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PER NSC WAIVER, 1500 2021-02
By SS NARA, Date 10/2/24

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CLASSIFIED BY Sandra J. Kristoff
DECLASSIFIED ON OADR

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IMPORT PENETRATION

	<i>ACTUAL</i> <u>1984</u>	<i>ACTUAL</i> <u>1988</u>	<i>QUOTA</i> <u>1988</u>	<i>PREDICTED</i> <u>1989</u>
VRA COUNTRIES, TOTAL	21.8%	14.7%	18.4%	18.4%
JAPAN	6.7%	4.2%	6.2%	N.A.
EC	6.4%	5.6%	6.2%	N.A.
KOREA	2.3%	1.3%	2.0%	N.A.
BRAZIL	1.5%	1.4%	1.4%	N.A.
OTHERS	4.9%	2.2%	2.6%	N.A.
NON-VRA COUNTRIES	<u>4.6%</u>	<u>6.1%</u>	<u>6.1%</u>	<u>6.1%</u>
TOTAL	26.4%*	20.8%	24.5%	24.5%

* HIGHEST LEVEL EVER

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SEMIFINISHED
IMPORT STATISTICS
(Million net tons)

	QUOTA	ACTUAL <u>1988</u>	EXPECTED <u>1989</u>
VRA	1.8	1.8	2.3
Short Supply	---	0.5	--
Automatic mechanism	---	---	0.6
Non - VRA	--	<u>0.5</u>	<u>0.5</u>
Total	--	2.8	3.4

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**SPECIALTY STEEL
IMPORT STATISTICS
(1,000 net tons)**

	Quota	Actual <u>1988</u>	Expected <u>1989</u>
VRA	205*	185	230
Non - VRA	--	<u>41</u>	<u>41</u>
Total	--	226	271**

* Estimated

** Increase of 12%

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THE WHITE HOUSE

WASHINGTON

1989 JUN 26 PM 6:57

June 26, 1989

MEMORANDUM FOR THE PRESIDENT

FROM: THE ECONOMIC POLICY COUNCIL

SUBJECT: Steel VRA Program

ISSUE

The Administration must decide its steel trade policy in light of the expiration of the current steel VRA program on September 30, 1989.

BACKGROUND

For most of the last two decades, the US steel industry has received some form of import protection. In 1984, President Reagan announced a program of voluntary restraint agreements (VRAs) in an attempt to restrict imports of unfairly traded steel. USTR negotiated 20 VRAs covering 29 countries that restricted from those countries imports of finished steel to 18.9 percent of the US market and imports of semifinished steel to 1.8 million tons. In exchange, the US industry agreed to end antidumping and countervailing duty cases and not to file new cases during the program.

During the VRA program, total import penetration has declined as follows:

	<u>VRA countries</u>	<u>Non-VRA countries</u>	<u>Total</u>
1984	21.8%	4.6%	26.5%
1988	14.6%	6.2%	20.7%

While it is difficult to separate the effect of VRAs from the effects of other factors such as rising global demand for steel and depreciation of the US dollar, the VRA program clearly has had some impact on both US steel producers and users:

- o US steel producers. Over the last few years, the US steel industry has increased production, capacity utilization, labor productivity, and profits. It is now among the low-cost suppliers in the US market.

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	<u>Shipments</u> <u>(1000 tons)</u>	<u>Capacity</u> <u>util (%)</u>	<u>Net</u> <u>income</u> <u>(\$mil)</u>	<u>Invest-</u> <u>ment</u> <u>(\$mil)</u>	<u>Employ-</u> <u>ment</u> <u>(1000)</u>
1981	88,450	78.3	1,653	2,371	327
1982	61,567	48.4	(3,384)	2,258	243
1983	67,583	56.2	(2,231)	1,850	210
1984	73,739	68.4	(31)	1,203	205
1985	73,043	66.1	(1,834)	1,641	182
1986	70,263	63.8	(4,150)	862	160
1987	76,654	79.5	1,077	1,164	155
1988	82,961	89.2	2,300	1,836	166

- o US steel users. VRA opponents argue that the agreements have caused significant price increases in recent years, while VRA supporters argue that they have not. What is more relevant than the absolute increase in steel prices is the extent to which the VRAs have increased US steel prices above **what they would have been.** A recent International Trade Commission report estimated that the VRAs accounted for the following percentage point increases in US steel prices: 0.6% in 1985, 1.6% in 1986, 1.4% in 1987, and 0.2% in 1988.

To the extent VRAs cause US steel users to face higher steel prices than those faced by their competitors, US steel users become less competitive and suffer profit and employment losses.

Moreover, in some instances US steel users claim they have faced difficulties obtaining steel at any price given the import quotas, a problem not reflected in the price data.

Globally, there is still excess steel capacity. Some foreign governments continue to provide large subsidies and dumping has continued in the US market. For example, the Italian government plans to provide about \$6 billion to restructure its steel industry. US steel producers argue that worldwide excess capacity continues to make them vulnerable to dumping by foreign producers. However, US unfair trade laws are designed to address subsidization and dumping.

Many foreign steel producing-countries have come to prefer the VRA program because it guarantees them market share in the US and protects them from US unfair trade laws.

OBJECTIVES

There is general agreement within the Administration that our steel trade policy should:

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- o Move toward greater reliance on market forces in global steel trade through achieving an international consensus to eliminate trade distorting practices;
- o End the VRA program permanently and rely instead on US trade laws to remedy the effects of unfair steel trade practices;
- o Encourage US steel producers to become more efficient and competitive;
- o Minimize damage to the competitiveness of US steel users;
- o Maintain consistency with the President's commitment to promoting free trade;
- o Maintain sufficient credibility with the Congress; and
- o Maintain consistency with your campaign commitment in the attached November 1988 letter to Senator Heinz.

ISSUES FOR DECISION

Issues on which all EPC members generally agree are as follows.

Commitment to ending program. All EPC members **except** the Labor Department agree that the Administration should commit now to ending the VRA program by a certain date. The Labor Department argues that the Administration should commit to ending the VRA program **only if** an international consensus is achieved.

Most EPC members argue that:

- o The longer the VRA program remains in place, the greater the risk that the US steel industry will become as dependent on import restrictions as the textile industry.
- o The US steel industry must ultimately compete without import restrictions.
- o The US steel industry -- like virtually every other US industry -- should address dumping and subsidization by relying on US unfair trade laws, in particular, the antidumping and countervailing duty laws.

International consensus. All EPC members agree that the centerpiece of the Administration's steel policy should be, as stated in your letter to Senator Heinz, the achievement of an international consensus to eliminate trade distorting practices in steel, consistent with our Uruguay Round objectives. The EPC agrees that we should seek a **realistic** consensus: ambitious enough to level significantly the playing field, but **not** so ambitious and inflexible as to preclude agreement.

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The EPC notes that an international consensus should complement, not undermine, US unfair trade laws. All EPC members agree that the US should seek a consensus through the Uruguay Round and complementary bilateral agreements that:

- o Prohibit export subsidies;
- o Prohibit the most egregious domestic subsidies, while permitting other subsidies so long as they have no adverse effect on trade;
- o Improve market access by lowering nontariff barriers and reducing tariffs to US levels or lower; and
- o Include an effective enforcement mechanism.

Country coverage. All EPC members agree that the Administration should seek to extend all existing VRAs, but disagree over what form they should take. In practice, some countries may decide not to extend their VRAs; after all, the program is voluntary. For example, Australia may refuse to negotiate a VRA because they believe they are not vulnerable to US unfair trade laws. While some US steel users propose immediately excluding alleged fair traders like South Korea, such an exclusion could in practice unravel the entire VRA program because other major suppliers like Japan and the EC will want to drop out if Korea is not included.

Short supply. All EPC members agree with the modifications to the short supply mechanism proposed by the Commerce Department, including:

- o Expediting the short supply decision process to 30 days to reduce commercial uncertainty;
- o Making short supply procedures more transparent; and
- o Placing the burden on domestic producers, instead of users, for proving that products in short supply are available in the US when capacity utilization reaches 90 percent.

Reinvestment. All EPC members agree with your campaign commitment to support requiring substantial reinvestment of cash flow by major steel firms.

Total import quota level. An issue that probably requires more discussion at the EPC meeting with you is the level of total imports allowed under any extension. The Reagan Administration designed the current program to limit imports from both VRA and non-VRA countries of finished and semifinished steel to about 20 percent of US consumption. Total import penetration in 1988 was 20.7 ~~million~~ percent. The highest import penetration level recorded was 26.4 percent in 1984.

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While most analysts believe that US demand for steel will decline over the next 12-18 months, if US demand in fact rises significantly, a low total import quota level could force heavy use of the short supply mechanism to avoid substantial shortages and price increases.

USTR believes that the total import quota level in 1989-1990 for VRA countries should remain roughly at the current level of 18.9 percent, although some country quota increases will be necessary to encourage countries to remain in the VRA program and to commit to removing trade distorting practices.

One should note that USTR will need to adjust individual country quotas because some countries are not filling them and other countries will demand increases. Thus, the actual import level will probably rise somewhat.

Extension of program. Given your campaign commitment, the EPC did not consider the issue of allowing the VRA program to expire on September 30, 1989.

During your June 21 meeting with members of Congress, several members strongly argued that the Administration should allow the program to expire. Other members strongly argued that the Administration should extend the program.

Allowing the program to expire would have these benefits:

- o The longer the US steel industry relies on the VRA program, the harder it will be ultimately to end the program.
- o Some US steel users argue that allowing the program to expire would improve the competitiveness of US industries relying on steel.
- o Allowing the program to expire would treat the US steel industry like the vast majority of other US industries, which rely on US trade laws to deal with unfair practices.
- o Allowing the program to expire would demonstrate your strong commitment to maintaining free trade.

Allowing the program to expire would have these costs:

- o Allowing the program to expire would be perceived by the US steel industry as a violation of your campaign commitment -- especially when the industry has been led to believe since the campaign that you would extend the program.
- o Not following through with such a highly publicized campaign commitment could seriously undermine the credibility of future promises you make.

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- o Allowing the program to expire would produce strong pressure in the Congress for steel import quota legislation.
- o US steel producers would strongly argue that allowing the program to expire would seriously hurt their efforts to increase efficiency in US steel production.
- o US steel producers argue that relying on US unfair trade laws costs too much and provides inadequate protection because foreign producers often shift production to other steel products by the time unfair determinations are made.

Issues requiring a decision are as follows.

Issue 1: Should the Administration extend the VRA program for two, four, or five years?

All EPC members agree that extending the program for three years (expiring one month before November 1992) would complicate efforts to end the program.

Option A: Extend the program for two years.

Advantages

- o A two-year extension would attract strong support from free trade advocates in the Congress and many US steel users.
- o A two-year extension would be widely perceived as confirmation of your strong support for moving toward greater reliance on market forces.
- o Of the three options under consideration and all other things being equal, a two-year extension would least hurt the competitiveness of US steel users.
- o Some would argue that a two-year extension might give US steel producers more incentive than longer-term extensions to increase efficiency quickly because their market would be protected for a shorter period of time.
- o Having the program expire one year before the 1992 election would probably create less pressure to extend the program again due to election considerations than a four- or five-year program. Having the program expire after an election **per se** does not neutralize pressure to extend it -- witness the effect of the 1989 expiration on the 1988 campaign.

Disadvantages

- o A two-year extension would attract strong opposition among US steel producers and VRA supporters in the Congress.

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- o Even though your campaign commitment did not specify how long the program would be extended, US steel producers would still perceive a two-year extension as a violation of your commitment.
- o Expiration of the program in September 1991 would probably coincide with congressional review of Uruguay Round legislation in the summer of 1991 and thus provide VRA supporters with an opportunity to hold approval of Uruguay Round legislation hostage to a further extension of the VRA program.
- o A two-year program may provide USTR with insufficient leverage to negotiate and insufficient time to implement an international consensus.
- o As they did during the Tokyo Round, US steel producers would probably take advantage of a cyclical downturn to file hundreds of CVD/AD cases to try to stop unfairly traded steel, which may hurt relations with our trading partners.
- o US steel producers would argue that a two-year extension gives them too little time to increase their efficiency and makes it difficult for them to raise necessary capital.

Option B: Extend the program for four years.

Advantages

- X o A four-year extension would provide USTR more leverage to negotiate and time to implement an international consensus.
- X o If an international consensus is achieved, a four-year extension could reduce significantly the pressure for extending the program again.
- ✓ o A four-year extension would give US steel producers almost as much time as a five-year extension for increasing their efficiency.
- ✓ o Most VRA supporters in the Congress would perceive a four-year extension as consistent with your campaign commitment.

Disadvantages

- o A four-year extension **per se** would not neutralize the pressures to extend the program again. Having the program expire in September 1993 would still leave candidates vulnerable to the same pressure in 1992 that the September 1989 expiration had in 1988.

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- o Some US steel users argue that a four-year extension would hurt the competitiveness of US steel users more than a two-year extension.
- o A four-year extension would attract opposition from free trade advocates and VRA opponents in the Congress, who would argue that such an extension increases the chances of making the program permanent.
- o A four-year extension would be perceived as less of a commitment to free trade than a two-year extension.

Option C: Extend the program for five years.

Advantages

- o US steel producers argue that a five-year extension would provide sufficient time to modernize as well as resolve the issue of under-funded pension plans.
- o US steel producers argue that such an extension would provide USTR sufficient time to negotiate and implement an international consensus.

Disadvantages

- o A five-year extension -- particularly after the Super 301 decision -- would be widely perceived as retreating from a commitment to free trade.
- o Because US steel producers will become even more dependent on import protection, it will be more difficult ultimately to end the program.
- o Some US steel users argue that a five-year extension would hurt their competitiveness more than a two- or four-year extension.

Issue 2: Should the Administration liberalize the program through automatic or conditional increases in quotas?

There will be some discussion in the EPC meeting about the appropriate total import quota level for 1989-1990.

Regarding subsequent years, the Administration could increase the quotas automatically for all VRA countries or only on the condition that a country makes binding agreements through either an international consensus or bilaterally to eliminate practices distorting steel trade. These agreements would include ending egregious subsidies, opening markets to steel trade, and participating in an enforcement mechanism.

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Option A: Liberalize through automatic increases.

This option requires determining the amount of automatic increases. Under this option, the TPRG would analyze what annual quota increases are necessary such that the quotas are not binding at the end of the extension.

Advantages

- o Automatic increases would signal a clear commitment to ending the VRA program.
- o Automatic increases would wean US steel producers away from the VRA program.
- o Automatic increases would assure US steel users more access to steel.

Disadvantages

- o Granting automatic increases to both fair and unfair traders would provide no incentive for unfair traders to agree to an international consensus.
- o US steel producers would argue that automatic increases are inconsistent with your campaign commitment because increases would not be tied to the elimination of unfair practices.

Option B: Liberalize through conditional increases.



USTR notes it would need negotiating flexibility in deciding by how much to increase quotas of **particular** countries meeting the above conditions.

Advantages

- o Offering quota increases to countries making commitments to eliminate unfair practices provides needed leverage to achieve an international consensus.
- o ~~Linking quota increases to commitments to eliminate unfair practices is arguably more consistent with your campaign commitment to continue the program pending achievement of an international consensus.~~

Disadvantages

- o If the Administration seeks an international consensus with unrealistic objectives, it could fail to reach a consensus, which could produce strong pressure to continue the VRA program after the extension.

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- o Some US steel users would argue that offering quota increases conditionally means that steel available to US steel users would be tighter than under automatic increases and thus hurt their competitiveness.

Issue 3: Should the Administration eliminate semifinished steel from the VRA program?

Some US steel users have proposed eliminating semifinished steel from the program because of significant shortages. The Commerce Department granted 750,000 tons of short supply requests for semifinished steel imports last year. By comparison, the semifinished quota is 1.8 million tons.

Option A: Eliminate semifinished steel from the program and rely on US trade laws to address dumping and subsidization.

Advantages

- o Eliminating semifinished would encourage more steel to be finished in the US.
- o Certain producers of finished steel in the west coast argue that eliminating semifinished would tend to reduce geographic disparities because most integrated steel producers are located in the east.
- o Eliminating semifinished would attract some support from free trade advocates and VRA opponents in the Congress.

Disadvantages

- o Because there are unfair trade practices across all steel products, eliminating semifinished steel would reduce our leverage to obtain commitments to eliminate trade distorting practices across all products.
- o US integrated producers argue that eliminating semifinished would encourage foreign producers to shift exports to semifinished, which would discourage US investment in the hot end of production and cause major job losses in steel given the substantial employment in semifinished steel production.
- o Eliminating semifinished would attract strong opposition from US integrated steel producers and VRA supporters in the Congress.

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Option B: Include semifinished steel in the program.

There are various approaches to increasing the supply of semifinished steel, including moving toward a consumption-based approach or an automatic short-supply mechanism based on capacity utilization. In any event, USTR and DOC envision the need to increase the semifinished steel quota to about the level actually consumed in 1988, which would represent about a 30 percent increase in the quota.

Advantages

- o This approach would generate less opposition from US integrated producers because there would be fewer semifinished imports than if the program entirely eliminated semifinished.
- o Including semifinished in the program, but still increasing the supply, would help reduce steel shortages on the west coast.

Disadvantages

- o Maintaining restrictions on semifinished steel imports means that there would be less steel finished in the US.
- o US steel finishers argue that maintaining restrictions on semifinished even at a higher level would still place them at a disadvantage relative to US integrated producers.

Issue 4: Should the Administration end import restrictions of specialty steel?

Specialty steel includes stainless steel and alloy tool steel. US producers using specialty steel include food equipment, tool equipment, and defense manufacturers.

Option A: End import restrictions of specialty steel.

Advantages

- o US steel users would have greater access to supplies of specialty steel.
- o US steel users argue that the US specialty steel industry has received import protection for 10 of the last 13 years and that it is now profitable and fully competitive.

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- o Ending import restrictions of specialty steel would be perceived as a liberalization of the VRA program and thus attract support from free trade advocates and VRA opponents in the Congress.

Disadvantages

- ✓ o The Defense Department strongly argues that specialty steel is critical to US national security. DOD argues that eliminating specialty steel from the VRA program would undermine the US specialty steel industry and increase US dependence on foreign sources of specialty steel.
- o The US steel industry argues that because many foreign producers make both carbon and specialty steel, ending import restrictions of specialty steel would encourage foreign producers to shift exports to the US to specialty steel.
- o Ending import restrictions of specialty steel would attract opposition from US steel producers and VRA supporters in the Congress.

Option B: Keep specialty steel in the program, but permit increased imports through higher country quotas.

Advantages

- o Any exemption of specialty steel from the VRA program would encourage foreign producers to shift exports to the US from carbon steel to specialty steel products.
- o DOD strongly argues that keeping specialty steel in the program would avoid undermining the US specialty steel industry and reduce US dependence on foreign sources of specialty steel.

Disadvantages

- o Particularly since the US specialty steel industry has received import protection for 10 of the last 13 years, continuing to restrict specialty steel imports -- even at higher levels -- makes it less likely that they will adjust to competition without protection.
- o Some US steel users argue that continuing to restrict specialty steel imports -- even at higher levels -- will mean higher prices than under a program of no import restrictions of specialty steel.

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DECISIONS

In deciding each of the following issues, it would be useful to consider the overall steel VRA package. It is important that the overall package be structured such that: (a) it enhances leverage to negotiate an international consensus; (b) it moves steel trade toward greater reliance on market forces; (c) it minimizes the pressure for extending the program again; and (d) it maintains credibility with the Congress.

Issue 1: Duration of VRA program

- ✓ ☐ Option A: Extend for two years. MB, NB
☐ Option B: Extend for four years. ED
☐ Option C: Extend for five years.

CY=3

Issue 2: Liberalization of VRA program

- ☐ Option A: Liberalize through automatic quota increases.
☒ Option B: Liberalize through conditional quota increases.

Issue 3: Semifinished steel

- ☐ Option A: Eliminate semifinished steel from program.
☒ Option B: Keep semifinished steel in the program, but increase the quotas.

Issue 4: Specialty steel

- ☐ Option A: Eliminate specialty steel from program.
☐ Option B: Keep specialty steel in program, but increase country quotas for specialty steel.

Nicholas F. Brady
Nicholas F. Brady
Chairman Pro Tempore
Economic Policy Council

Bush Library Photocopy
George Bush Handwriting

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THE VICE PRESIDENT
WASHINGTON

November 4, 1988

The Honorable John Heinz
United States Senator
Washington, D.C. 20510

Dear Senator Heinz:

One of the significant successes of the Reagan Administration has been the President's Steel Program. During its first four years the steel industry has reduced capacity, cut costs, and modernized its equipment and technology to the point where it is now one of the most efficient producers in the world on a man hour per ton basis.

This Administration's success in pursuing the goal of a privately owned, internationally competitive steel industry was made possible by the reduction in subsidized and dumped steel imports provided by the voluntary restraint agreements we have negotiated. A comprehensive VRA program has proven to be more effective in offsetting unfair trade practices than trying to counter these practices on a case-by-case basis.

Unfortunately, while the voluntary restraints have clearly had a positive impact on the U.S. industry, we have not at the same time made as much progress toward eliminating market distorting practices. Global overcapacity remains a serious problem, and there is still substantial dumping and subsidizing. The only way to produce a permanent solution to the domestic steel industry's problems is to bring an end to these unfair practices and restore a competitive market in steel.

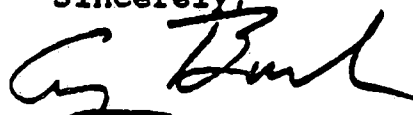
One of the key trade policy goals of a Bush Administration will be to achieve an international consensus on eliminating these practices, and, pending that, I can assure you of my intention to continue the voluntary restraint program after September 30, 1989. As Vice President, I worked to prevent the sacrifice of our industry to those who choose not to subject themselves to the discipline of the market, and I have no intention of abandoning that commitment if I am elected President.

At the same time, I also endorse the requirement that major steel firms substantially reinvest their cash flow because much

more needs to be done. The industry's future progress will depend on both the voluntary restraints and the further investment and modernization steps that are undertaken. I intend to make sure that such further progress is made.

I am also encouraged by the recent growth in U.S. steel exports. If elected President, I will work vigorously to encourage growth by pressing to open up steel markets abroad.

Sincerely,



George Bush

THE WHITE HOUSE
WASHINGTON

June 28, 1989

MEMORANDUM FOR GOVERNOR SUNUNU

FROM: ROGER B. PORTER *RBP*

SUBJECT: Steel Decision

In making his decision on steel, the President will need to consider how a decision might be presented and the timing for announcing his decision.

Presentation

The attached draft Presidential Statement is a modification of a draft prepared by USTR and the Department of Commerce. This draft incorporates the following key USTR/Commerce points:

- o It describes the program as the "Steel Trade Liberalization Program."
- o It emphasizes the need to restore market-driven trade and production through an international consensus.
- o It conditions the liberalization and eventual phase-out of the VRAs on acceptance by foreign governments of consensus disciplines.

The draft goes beyond the USTR/Commerce version in the following respects:

- o It emphasizes adjustment by the U.S. industry as an important goal of the program. Industry adjustment is already taking place and will provide a strong rationale for eventually terminating the program. The Heinz letter mentions the need for further adjustment, so this is nothing new.
- o It states specifically that the quotas for semi-finished and specialty steel will increase and emphasizes the President's concern about American steel consumers. This is designed to address user concerns and encourage them to support, or at least not oppose, the President's decision.

- o It adds new monitoring responsibilities for the U.S. International Trade Commission (ITC). The ITC already monitors conditions in the industry at the request of Congress. The draft makes monitoring an Administration initiative and adds wage settlements, executive compensation, and the impact on steel consumers as issues to be reviewed.

Timing

With respect to the timing of the decision, I believe that Ambassador Hills' presence is crucial. She leaves Thursday afternoon for her son's wedding in Denver. It is not feasible to make an announcement before then.

The President will be in Kennebunkport until next Wednesday. The following weekend, we are leaving for Europe. Accordingly, there is a window from Wednesday to Friday, July 5-7. After Friday, the announcement must be put off until after the Economic Summit.

In my view the advantages and disadvantages of an announcement next week are as follows:

Advantages

- o The industry and their Congressional supporters believe that an announcement is already long overdue. We could appear indecisive if there is further delay.
- o USTR needs to get the VRA negotiations underway as soon as possible if it is to have new agreements in place by the September 30 expiration date.
- o Congress is out for the July 4 recess so it reduces the likelihood of negative Congressional reaction, if any, getting media attention.
- o The President can cite his decision in Paris as an example of his commitment to opening markets.

Disadvantages

- o Introduces some risk that the President will be attacked at the Economic Summit for continuing VRAs.

Decision on Timing

_____ Prepare to announce during July 5-7.

_____ Wait until after the European trip.

Attachment

DRAFT

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

June __, 1989

STATEMENT BY THE PRESIDENT

Today, I am instituting a []-year Steel Trade Liberalization Program. The program has two goals. First, it promotes continued adjustment and modernization by the U.S. steel industry. Second, it provides for a smooth return to reliance on market forces in global steel trade, an end to government aid to the steel sector, and the eventual phasing out of U.S. Voluntary Restraint Agreements (VRAs) that currently limit steel imports to our market.

I am directing U.S. Trade Representative Carla A. Hills to negotiate a free and competitive trading environment for steel -- in the United States and throughout the world. Market-driven forces, not restraint agreements or other forms of government aid and intervention, should determine the patterns of trade, and the price and quantity of steel.

Accordingly, USTR will negotiate, through the Uruguay Round and complementary bilateral agreements, an international consensus to discipline trade-distorting government practices in steel. The international consensus will contain three elements:

- Strong disciplines over trade-distorting government subsidies;
- Removal of trade barriers so as to guarantee full access to each other's markets; and
- Swift and effective enforcement measures to deal with violations of consensus obligations.

The consensus will provide a long-term solution to the problems that have plagued world steel trade for the last two decades and a basis for phasing out U.S. VRAs. For too long, governments, including the United States, have supported their steel producers through subsidies and import restrictions. World steel trade and the international trading system as a whole have suffered. This self-defeating competition must end.

While our long-term objective is to restore unrestricted trade in steel, temporary extensions of the VRAs are necessary to provide time for negotiation of the consensus and breathing space for further adjustment by the U.S. industry. Accordingly, as an interim measure while this consensus is put into place, I am

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directing Ambassador Hills to negotiate transitional extensions of the existing Voluntary Restraint Agreements (VRAs). Consistent with our overall aim of limiting government intervention in the steel sector and attacking unfair trade practices, the VRA extensions will provide for progressive liberalization, and the eventual phasing out of, restraints -- where countries undertake and abide by agreements to remove unfair trade practices and barriers that restrict the free flow of steel worldwide.

Although I am extending the VRAs, I am mindful of the concerns raised by steel-consuming industries. In negotiating the VRAs, USTR will reexamine the appropriate restraint levels for products of interest to American steel users. The quotas for imports of semi-finished steel will be liberalized to address shortages that occurred last year. While specialty steel will remain in the program, the quota levels will increase, since that part of the industry has had a longer period of import protection and thus more time to adjust. Finally, to ensure that steel is available on a timely basis, the Department of Commerce will speed up and streamline the existing short supply mechanism to address user concerns.

Since 1984, the steel industry has made considerable progress toward improving its competitiveness and modernizing its production facilities. It has reduced capacity, cut costs, and modernized its equipment and technology. These efforts must continue. Accordingly, the Administration will support the extension of legislation requiring the major domestic carbon and specialty steel producers to reinvest substantially all of their net cash flow in the continued modernization of their industries and worker retraining. USTR will also ask the U.S. International Trade Commission to monitor and report regularly on developments in the carbon and specialty steel industries, including wage settlements and executive compensation. This program to promote a recovery by the steel industry requires shared sacrifice by those who are its intended beneficiaries.

In line with my commitment to restore market forces to steel trade, all Voluntary Restraint Agreements will be terminated no later than September 30, 19___. After that time, U.S. steel producers will rely on our domestic trade laws to protect themselves from unfair foreign competition. The Department of Commerce will rigorously enforce the laws against injurious dumping and subsidization to final orders.

I call on our trading partners to join with us to reach an agreement on measures to restore free and fair steel trade. We have an opportunity to take a sector that is rife with trade-distorting practices and bring it back into the international trading system. We look forward to working with other nations to this end.

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THE WHITE HOUSE
WASHINGTON

June 30, 1989

MEMORANDUM FOR GOVERNOR SUNUNU

FROM: ROGER B. PORTER *RBP*

SUBJECT: Objectives on the Environment at the Paris Summit

The schedule for the Economic Summit allows only an hour for discussion of environmental issues. On the likely assumption that all eight participants will want to speak, this allows only about 6-8 minutes apiece. If President Mitterrand wants to allow for an exchange of views, initial remarks would need to be even briefer.

The time limitation demands that the President focus his remarks carefully on the priority objectives. There are two sound principles for identifying priorities:

1. Build on our strengths. The United States is a world leader in scientific research and the development of technology on the environment.
2. Plan now for next year. We should be alert to activities we can start now that will bear fruit next year, when the President is the host.

These principles suggest the following themes, presented in descending order of importance. The themes are based on the work done by OMB (Bob Grady) and others over the past several weeks.

1. Reforestation. Trees help importantly in absorbing carbon dioxide emissions, yet world forests are shrinking rapidly. A call for sustainable forest management practices (as distinct from "no net loss" of forests) would be a popular and useful basis for follow-on international discussions over the next year. A program to plant more trees within the U.S. implies some additional but undefined federal expenditures.
2. Safe nuclear. Nuclear energy must play a prominent role in reducing greenhouse gases. The President should urge Summit leaders to commit to maintain the highest safety standards for nuclear energy. This

includes international cooperation in safe operations, waste management, and radiation protection.

3. Clean coal technologies. The results of the ongoing Clean Coal Technology Program, started during the Reagan Administration, are expected to provide many important economic and environmental benefits. The President should encourage increased efforts to promote the transfer of emerging clean coal technologies to other countries. The mechanics of the transfer could be reviewed next year.
4. Clean Air Act Proposals. Even though the U.S. already has the most stringent pollution control standards of any nation, the proposed revisions to the Clean Air Act will contribute importantly to solving the global climate and acid rain problems. The President should urge other nations to adopt the same or equivalent standards and technologies.
5. Global Research. The U.S. is the world leader in research on global change. An interagency committee (Committee on Earth Sciences) will shortly release a comprehensive study plan. The President could invite other nations to participate in the research program.
6. Multilateral Development Banks (MDBs). The MDBs (the World Bank and three regional banks) lend some \$30 billion annually to developing countries. The President should urge that environmental considerations be weighed more heavily in making loan decisions.

The above issues are ones the President should mention in his comments during the discussion on the environment. His comments will have the most impact if he resists the temptation to include a laundry list of ideas. There are several other ideas that should not be included in the President's comments but that should be endorsed as part of the Summit communique. These include industrial pollution prevention, studying the state of the world's oceans, increasing energy efficiency, and preventing and cleaning up oil spills.

Finally, it is premature to raise the proposed Mission to Planet Earth at Paris. There is no question of the need for the technical data the initiative would provide. However, many open questions remain, the most important of which is funding.

THE WHITE HOUSE
WASHINGTON

June 30, 1989

Information

MEMORANDUM FOR GOVERNOR SUNUNU

FROM: ROGER B. PORTER *RBP*

SUBJECT: Summit Preparatory Meeting on the Environment

A background paper that may be useful reading in preparation for the President's meeting on Wednesday, July 5, on environmental issues and the Paris Summit is attached. Also, we should begin to consider principles for judging proposals that will be tabled at the July 5 meeting.

Lessons from the Background Paper

We have reached some interesting conclusions in working with EPA and others to prepare the background paper.

1. Reliable international data comparing environmental spending and accomplishments among countries does not exist.

The data that we have been able to develop is soft in many respects and is not an adequate basis for making strong arguments on performance. This is another example of how economic data, such as that in the national income accounts, is relatively sophisticated and reliable, whereas much social data, such as on the environment, is relatively soft and imprecise. This is particularly true of cross-national data.

2. The data that we do have shows that: 1) the U.S. has made a remarkable commitment to spending on environmental actions over the last two decades; and 2) other Summit countries have also made substantial commitments.

Our success stems largely from having worked on environmental issues longer, while many Summit countries have done more lately. On SO2 emissions, for example, the U.S. had consistently better ambient levels until the mid-1980's, when Japan and Canada reached similar levels.

3. Much more needs to be done and, given the commitment to the environment demonstrated by all Summit countries, it is reasonable to challenge others to undertake programs

to achieve objectives comparable to those we have set in the Clean Air Act revisions.

The President's proposal addresses urban smog, acid rain, and air toxics. It will reduce SO₂ emissions by the year 2000 to a level 10 million tons below 1980 levels, and will limit the expected growth in NO_x emissions. To reduce urban smog, the proposal also includes new restrictions on car emissions. Finally, it calls for a new technology-based approach to regulating air toxics.

Principles for the July 5 Meeting

The objective of the July 5 meeting should be to achieve agreement on the President's environmental agenda at Paris. His agenda should be driven by two principles:

1. We should build on our strengths in the environment area.

We are acknowledged world leaders, for example, on advanced scientific research and technology development on the environment.

2. We should set the stage for next year, when the President will host the Summit.

It may be possible, for example, to launch studies and work programs that will produce recommendations for action next year, establishing the U.S. clearly as the engine of the environmental train.

Thoughts on an environmental agenda that is consistent with these principles are being provided to you in a separate memorandum.

Attachment

June 30, 1989

BACKGROUND PAPER

U.S. ENVIRONMENTAL RECORD SINCE 1870

1. The U.S. is currently spending billions of Federal and private sector dollars on the environment.
 - o The U.S. spends more on the environment in absolute dollars than any other country in the world.
 - o Based on data prepared by the Bureau of Economic Analysis, 1983-1986, total expenditures for air and water pollution controls and waste clean-up rose from \$62 billion in 1983 to \$77 billion in 1986. Public expenditures account for about \$17 billion (22%) and private expenditures account for about \$61 billion (78%), or a little over three-fourths. These expenditures cover pollution abatement control, research and monitoring.

**U.S. Public and Private Expenditures
on the Environment
(\$ billions)**

	<u>1986 Actual</u>	<u>1987 Estim.</u>	<u>1972-1987 Total</u>
Air	33	32	346
Water	30	33	326
Waste	<u>14</u>	<u>16</u>	<u>136</u>
Total	77	81	808

- o Among Summit countries, the U.S. private sector expenditures for environmental protection are the highest, both in absolute terms and relative to Gross Domestic Product. When both private and public expenditures are considered, the U.S. and West Germany devote essentially equivalent amounts, as a percentage of GDP.

**Public/Private/Total Expenditures by Country
As percentage of GDP - 1985***

	Public	Private	Total
Canada	0.84	NA	NA
United States	0.57	0.88	1.45
Japan	1.16	NA	NA
France	0.56	0.30	0.86
West Germany	0.78	0.74	1.52
Italy	0.01	NA	NA
United Kingdom	0.62	0.62	1.25

SOURCE: OECD

- o From 1981 to 1985, U.S. expenditures rose 8 percent, compared to a rise in expenditures of 11 percent in West Germany, 5 percent in France. The U.K. decreased by 12 percent.

2. Much has been accomplished since the environmental legislation was enacted in the early 1970s.

Air Pollution Control

- o The U.S. spends about \$33 billion annually on air pollution control.
- o Emissions of major pollutants have decreased substantially:

Lead	94%
CO	25%
Particulate Matter	23%
SO ₂	17%
Ozone	17%
NO _x	8%
- o From 1971 to mid-1980, U.S. automobile emissions standards required a 90 percent reduction in CO and hydrocarbons, and a 75 per cent reduction in NO_x. The

*This data collected by the OECD does not comport with U.S. data concerning the percentage of public vs. private expenditures. Also, it does not contain private sector spending information for all Summit countries. However, the data is useful as a comparison of the U.S. with other major countries.

U.S. and Japan have been well ahead of the other Summit countries since the early 1970s. Canada recently adopted automobile emissions standards comparable to ours.

Carbon Dioxide Emissions

- o Global emissions of carbon dioxide, a major "greenhouse" gas, equal 5.6 billion metric tons. The U.S. contribution is 1.2 billion metric tons (22% of the total).
- o Although U.S. emissions have nearly doubled since 1950, the U.S. share of total global emissions has declined from 42 percent in 1950 to 25 percent in 1980 to 22 percent in 1987. The developing world rate has risen from 6 percent in 1950 to over 16 percent in 1987.
- o Interestingly, the U.S., the U.S.S.R. and China, which have about 30 percent of the world's population, account for over 50 percent of global CO₂ emissions.

Water and Waste

- o The U.S. has spent over \$50 billion in sewage treatment alone since 1972. According to EPA, no comparative water quality data exists on stream and river conditions since the other Summit countries have data for only 2-4 rivers in each country.
 - o The U.S. was the first of the Summit countries to commit to identifying and cleaning up hazardous wastes, and is far ahead of any program abroad. Italy and Germany are in the early stages of implementing a program.
 - o Claims implying that the U.S. generates 8-20 times more waste than European countries, 80 times more than Canada, and 400 times more than Japan are highly questionable. Our sweeping regulatory program encompasses a broad range of substances defined as "hazardous." Other countries, without broad regulatory programs, may have a narrower definition.
3. The U.S. is committed to a large number of additional environmental measures.
- o We have called for a ban of CFCs by the year 2000.

- o We have called for a ban on export of hazardous wastes if the waste is not properly handled by the receiving country.
- o We continue to fund development of clean coal technology to reduce NO_x and SO_x.
- o We have proposed changes to the Clean Air Act to reduce SO₂ by 10 million tons and to reduce NO_x, to both control acid rain and reduce fossil fuels which contribute to global warming. The proposal also calls for measures to reduce volatile organic compounds that form ozone, one of the active greenhouse gases. One measure is an initiative to switch from gasoline to clean fuels that will reduce not only ozone but other greenhouse gases as well.

THE WHITE HOUSE
WASHINGTON

June 30, 1989

MEMORANDUM FOR GOVERNOR SUNUNU

FROM: ROGER B. PORTER *RBP*
SUBJECT: Status Report on Textiles

An interagency working group has completed an analysis of the textiles industry's proposals for changes in the textiles import program. All members of the group agree that significant additional import restrictions are unwarranted, but that dialogue with the industry should continue.

The working group's report has been circulated to members of the Trade Policy Review Group, the USTR-chaired body of representatives at the Assistant-Secretary level. Even though there is an apparent consensus behind the paper at the staff level, we have asked for a discussion on textiles by the TPRG (and by the EPC, if necessary) to assure that political officials at the agencies are engaged in the issue. This is especially important because the industry may react negatively to the recommendations.

Senator Helms continues to be interested in meeting with you during July. In my view, a meeting should not be scheduled until after the interagency report has been thoroughly aired within the Administration.

Finally, Senator Heinz is interested in bringing representatives of the apparel industry in to meet with you. The apparel and textiles industries are no longer in accord on import protection. To provide a balanced understanding of the issue, you may want to meet with Senator Heinz before your next meeting with Senator Helms.

cc: Fred McClure

THE WHITE HOUSE
WASHINGTON

June 30, 1989

MEMORANDUM FOR GOVERNOR SUNUNU

FROM: ROGER B. PORTER *RBP*
SUBJECT: The Steel Import Decision

The overriding objective in making a decision on steel, without question, is getting out of the voluntary restraint program. It makes no sense for the U.S. government to be subsidizing and providing protection for this industry.

Other things being equal, my personal preference would be to have VRAs extended for as short a time as possible, such as two years. The industry is profitable, operating at high capacity utilization rates, and does not deserve continued protection.

There are, however, several factors that suggest considering carefully an extension beyond two years, given the ultimate objective of a permanent end to protection for steel.

- o Congressional Backlash. A two or three year extension will be fought by industry supporters. The industry will undoubtedly attempt to include a mandatory four or five year program in the legislation we need to authorize Customs to enforce the VRAs.
- o The Election Cycle. An extension for two or three years could lead to heavy political pressure on the President to extend the VRAs before the 1992 elections, particularly if there is a downturn in demand.
- o The Uruguay Round. If restrictions expire concurrent with the end of the Uruguay Round (targeted for December 1990), Congress will be tempted to include a mandatory extension in legislation approving the Uruguay Round results. This risk applies to extensions of between two and three years, since the Uruguay Round could slip somewhat and since Congress could take up to six months to enact enabling legislation.
- o Negotiating Leverage. Ambassador Hills has a reasonable point that supplying countries will have much less incentive to agree to a consensus to end subsidies if they know VRAs will last only two more years.

The draft press statement sent to you separately emphasizes the key points needed to provide the political balance that will insure that we achieve the objective of ending steel restraints. These points are as follows:

- o This is a program designed to phase out steel restraints in a responsible way.
- o The international consensus will curtail government intervention in the steel sector.
- o The program includes concrete steps to address the concerns of steel-consuming industries.
- o The steel industry must continue to adjust.

Finally, we need to keep in mind that any four year approach should include liberalization from the outset. Higher quotas will be needed selectively to induce some countries to agree to extensions. In addition, over the first two years, countries agreeing to a consensus would be given additional quota allocations. During the final two years, fair-trading countries would be completely exempted from the VRA program.



Mr. President -- On issue #2, Treasury believes that a better option may exist, which we are now discussing with other members of the EPC. If appropriate, we will be sending you this new option over the weekend.

hfk

THE WHITE HOUSE

WASHINGTON

June 30, 1989

MR. PRESIDENT:

The attached shows the views of EPC members on the steel VRA issue. (You already have the decision memo; this is a supplement to it.)

As you know, there is a threshold decision on timing given the date of the Economic Summit.


Jim Cicconi

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THE WHITE HOUSE
WASHINGTON

1989 JUL -3 PM 4: 2

July 3, 1989

MEMORANDUM FOR THE PRESIDENT

FROM: NICHOLAS F. BRADY
Chairman Pro Tempore
Economic Policy Council

John E. Rabson
for

SUBJECT: Steel VRA Program

A brief paper supplementing the earlier decision memo and reviewing the issue of liberalizing the steel VRA program is attached. The EPC agrees on the importance of liberalizing the VRA program. However, there is strong disagreement over how best to liberalize the program.

The EPC presents two approaches for your consideration. The first approach would liberalize the import quotas conditionally. The Treasury Department proposes that, if you decide to extend the program for four years, a second approach would be to liberalize the import quotas through a **combination** of automatic and conditional increases. This second approach is different from the decision memo, which would liberalize the import quotas only automatically.

Issue 2: Liberalization of VRA program

_____ Option A: Liberalize through conditional increases.

Supported by State, Agriculture, Commerce,
Labor, and USTR.

If 2 year extension, supported by Treasury
and CEA.

_____ Option B: Liberalize through a combination of automatic
and conditional increases.

If 4 year extension, supported by Treasury
and CEA.

DECLASSIFIED
PER NSC WAIVER, 1500 2021-02
By SS NARA, Date 10/21/24

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Issue 2: Liberalization of VRA program

Option A: Liberalize through conditional increases.

Under this approach, the goal would be to increase import penetration by roughly one percent each year. However, these increases would be given only to countries that make binding agreements through either an international consensus or bilaterally to eliminate practices distorting steel trade. These agreements would include ending egregious subsidies, opening markets to steel trade, and participating in an enforcement mechanism. In order to achieve an international consensus, the Administration negotiators would seek commitments that are realistic and achievable.

Advantages

- o Because the Administration would seek commitments that are realistic and achievable, the negotiators believe that the probability of achieving a consensus is high and thus the program would be liberalized.
- o Offering quota increases only to those countries making commitments to eliminate trade distorting practices provides needed leverage to achieve an international consensus.
- o Linking quota increases to commitments to eliminate trade distorting practices is arguably more consistent with your campaign commitment to continue the program pending achievement of an international consensus.

Disadvantages

- o If the Administration seeks an international consensus with unrealistic objectives, it could fail to reach a consensus, which could produce strong pressure to continue the VRA program after the extension.
- o Some US steel users would argue that offering quota increases conditionally would result in less steel being available in the US than under automatic increases and thus hurt their competitiveness.
- o Opponents of conditional increases believe that automatic increases would be easier to defend as liberalization of the VRA program.

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Option B: Liberalize through a combination of automatic and conditional increases.

Treasury proposes that, if you decide to extend the VRA program for four years, it should be liberalized through a combination of automatic and conditional increases.

Half of the quota liberalization would take place gradually, but automatically, over the duration of the extension.

The other half would be available to increase quotas for those countries agreeing to a consensus to limit trade distorting practices.

Advantages

- o This approach would enable the Administration to liberalize the VRA program while also providing some leverage to negotiate an international consensus.
- o Some liberalization of the VRA program is more certain under this approach than under Option A and, to that extent, would help wean US steel producers off the program.
- o Some US steel users would argue that the automatic increases would provide them greater supplies of steel at more competitive prices in a timely fashion.
- o Supporters of this approach believe that automatic increases would be easier to defend as liberalization of the program.

Disadvantages

- o This approach gives away half the leverage the negotiators believe they need to obtain commitments to eliminate trade distorting practices.
- o US steel producers would argue that automatic increases in import quotas would hurt their ability to obtain financing to increase efficiency.
- o By not tying quota increases to the elimination of trade distorting practices and rewarding fair and unfair traders alike, the automatic increases could be perceived as inconsistent with your campaign commitment to eliminate trade distorting practices.
- o US steel producers and their supporters in the Congress would perceive this approach as potentially increasing import penetration to a degree that could encourage the filing of hundreds of unfair trade cases at the first downturn, which would jeopardize the Uruguay Round.

~~CONFIDENTIAL~~

THE WHITE HOUSE
WASHINGTON

June 27, 1989

MEMORANDUM FOR THE PRESIDENT

FROM: NICHOLAS F. BRADY *NFB*
Chairman Pro Tempore
Economic Policy Council

SUBJECT: Steel VRA Program

The EPC members make the following recommendations on the steel VRA issue. OMB is not expressing a position on these issues.

Issue 1: Duration of VRA program

_____ Option A: Extend for two years.

Supported by Treasury, CEA (could support 2 1/2 if politically advantageous), and NSC.

_____ Option B: Extend for four years.

Supported by State, Defense, Agriculture, Commerce, Labor, Transportation, USTR, and OPD.

_____ Option C: Extend for five years.

Not supported by any agency.

Issue 2: Liberalization of VRA program

_____ Option A: Liberalize through automatic quota increases.

Supported by Treasury (if 4 year program).

_____ Option B: Liberalize through conditional quota increases.

Supported by State, Treasury (if 2 year program), Defense, Agriculture, Commerce, Labor, Transportation, USTR, CEA, NSC, and OPD.

Issue 3: Semifinished steel

_____ Option A: Eliminate semifinished steel from program.
Not supported by any agency.

_____ Option B: Keep semifinished steel in program, but
increase quotas for semifinished steel.
Supported by State, Treasury, Defense,
Agriculture, Commerce, Labor, USTR, CEA, NSC,
and OPD (only if a substantial increase).

Transportation is not expressing a position on this issue.

Issue 4: Specialty steel

_____ Option A: Eliminate specialty steel from program.
Supported by Treasury.

_____ Option B: Keep specialty steel in program, but increase
country quotas for specialty steel.
Supported by State, Defense, Agriculture,
Commerce, Labor, USTR, CEA, NSC, and OPD
(only if a substantial increase).

Transportation is not expressing a position on this issue.

Presidential Phone Calls



DATE: 7-21-89

TIME: 1:32
incoming/outgoing

WITH: Charles Robb

SUBJECT: Thanks line TAB in

touch -

DD - Brent Lieb

effective job -

fold papers -

FOLLOW UP: _____

THE WHITE HOUSE
WASHINGTON

7/21

PATTY:

Please tell the President that we didn't know the Speaker was coming until the last minute. There were no named reserved seats. When the Speaker walked in, I made room for him on the front row and a Congressman said he would save the seat for the Speaker (next to Lent). The Speaker went to greet some folks and ultimately took a seat on the second row.

If the President has any more questions, just let me know.

Fred

Fred
Five - I think
worried he might
have left put down
All's well
CB
7-21

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
09. Letter	From James C. Oberwetter to George Bush Re: personnel selections [redaction of personal information] (1 pp.)	07/06/89	(b)(6)	

Collection:

Record Group: Bush Presidential Records

Office: Office of the President

Series: Daily Files

Subseries:

WHORM Cat.:

File Location: Friday, July 21, 1989

Date Closed: 6/24/2009	OA/ID Number: 90517-006
FOIA/SYS Case #: 2009-0166-S	Appeal Case #:
Re-review Case #:	Appeal Disposition:
P-2/P-5 Review Case #:	Disposition Date:
AR Case #:	MR Case #:
AR Disposition:	MR Disposition:
AR Disposition Date:	MR Disposition Date:

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

Freedom of Information Act - [5 U.S.C. 552(b)]

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P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P-3 Release would violate a Federal statute [(a)(3) of the PRA]
P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

~~PRM. Removed as a personal record misfile.~~

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(b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
(b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
(b)(9) Release would disclose geological or geophysical information



*Talluel to Oberwetter
7-21-89*

James C. Oberwetter
Vice President
Governmental and
Public Affairs

HUNT CONSOLIDATED, INC.
1401 Elm Street
Dallas, Texas 75202-2970
(214) 744-7980
Telex: 730239

July 6, 1989

The Honorable George H.W. Bush
President of the United States
The White House
Washington, D.C. 20500

*Give cc of
this to
Cham.*

Dear Mr. President:

It was so good to see you the other day in Washington. Thanks for letting us come into your house to get out of the thunderstorm.

I really do appreciate your asking me for thoughts on good citizens to join your Administration at the regional level. My first suggestion is to involve (b)(6) as director of this region's Action office. She worked very hard for you in the campaign and many of your friends know her and know how well qualified she is for the top post.

Secondly, Lejeune "Rabbit" Wilson, a former vice president of SEDCO (before it became Forex) would be a superb choice as regional administration for G.S.A. or at S.B.A. "Rabbit" is your friend, worked hard to help make you President, and is a diligent problem-solver. He was vice president for many years at SEDCO so he understand people, too.

These people are good people and would be a breath of fresh air, new to government service and dedicated to a successful Bush Administration. Because of the delicate nature of this particular region, it seems that many of the Federal appointees will be the same - or move to other agencies here. Ron Kaufman and I have talked about some of his negotiations, so we are in touch - good relationship. I've talked to Chase as well, on an as needed basis. This enclosed news article from your old buddy, Tom Pauken, make me hope you will keep Chase in his current post for sometime to come.

Eleanor and I wish you and Barbara every success on your European trip.

With highest regards.

Sincerely,


James C. Oberwetter

JCO/dy
Enclosure

Photocopy from George Bush Presidential Library

*Jim
Kaufman
was
"Rabbit"
Let's
do it!!
am*

Administration must straighten out personnel mess soon

IN RECENT decades it has become something of a custom for a new president to enjoy a "political honeymoon" during his early months in office. George Bush has received a longer than expected grace period from the voters and Congress, due in large measure to events outside his control.

Who would have anticipated that, during the president's first few months in office, the following developments would take place:

■ The very foundations of communism would be shaken by events in China, the Soviet Union and Eastern Europe.

■ The fanatical Islamic leader of Iran, the Ayatollah Khomeini, would be dead.

■ Jim Wright, the powerful speaker of the House of Representatives and leader of the congressional Democrats, would be forced to resign.

These unanticipated events have given the Bush administration some breathing room as it seeks to establish its policy agenda and bring on board key politi-



TOM PAUKEN

cal appointees to oversee the various agencies and departments of the federal government.

Quite frankly, the Bush team has needed that extra honeymoon period because it faces some serious and still unresolved problems, both in terms of political direction and personnel selection.

In the foreign policy arena, we still don't know what, if anything, the new administration plans to do about the drug-trafficking Noriega regime in Panama, which has the potential to jeopardize our long-term use of the Panama Canal. Also in Central America, it is unclear exactly what our policy is with respect to

the Sandinista gang currently in control in Nicaragua.

Turning elsewhere, it is clear that the Soviet bloc nations are on the verge of economic bankruptcy. Given that reality, is it the Bush administration's intention to woo those countries away from communism by extending additional credits to Eastern bloc nations and expanding trade with these regimes?

Or does the administration plan to actively oppose any efforts by international banks and our allies to bail out the economies of the various communist regimes, thus forcing these hostile governments to spend more of their own money for non-military purposes?

At this point it is difficult to fathom exactly what the new administration's position is on these and other important foreign policy issues. So far, the administration's approach seems to be one of reacting to issues as they surface.

For example, Gorbachev's attempts to drive a wedge between the United States and our NATO

allies led the president and his advisers to come up with a new American position on troop and weapon deployment in Western Europe in order to patch over obvious differences among the Allies. In that instance it provided a temporary respite to the deteriorating relationship between the U.S. and West Germany, but no one expects the troubles within the NATO alliance to disappear anytime soon.

In the ongoing and brutal repression of the pro-democracy demonstrators by the communist military forces in China, the Bush administration has sent mixed signals. Secretary of State James Baker initially adopted a conciliatory stance toward the hardline communist leadership in China.

Only later at his press conference did President Bush himself toughen administration rhetoric and deplore the events that were unfolding in that country. Thus, one is not quite sure as to whether the administration will return to a policy of business as usual with the communist regime once the pro-democracy forces have been effectively neutralized, or instead will impose tougher economic sanctions on China if the repression continues.

While it has become virtually a cliché to say so, the charge that President Bush, unlike Ronald Reagan, lacks a strategic vision on major policy issues continues to haunt the new president. As Jimmy Carter and Gerald Ford found out to their dismay, the failure to develop a coherent policy agenda is a prescription for trouble.

Adding to this perceived lack of vision is an incredible delay in getting key Bush political appointees in place throughout the executive branch of government. One of the most powerful — and loneliest — positions in Washington in any new presidential administration is the White House director of personnel. "Personnel makes policy" was a term many of us who served in the first Reagan term used to describe how

important the selection of key people to run the various agencies and departments of government is in achieving one's policy objectives.

At the center of the personnel selection process, the White House personnel director sits in a very hot kitchen. While each selection made for an important political appointment obviously pleases the winner, it naturally tends to upset the losing aspirants and their supporters. This job requires that a lot of hard choices be made which are guaranteed to make a number of important people unhappy.

Chase Untermeyer is George Bush's chief of personnel. A one-time Texas legislator and long-time aide to the president, Chase is a very decent fellow whose knowledge of history

President Bush's honeymoon period is just about over.

makes him a wonderful guide on those occasions when he takes friends and visitors on private White House tours.

Untermeyer would be well suited to serve as chief of protocol at the department of State. Unfortunately, Untermeyer has neither the temperament nor the decisiveness suited to his current assignment as director of personnel.

Consequently, the Bush administration has been far slower in filling its key positions during its first six months in office than the Reagan administration was in its first few months in power. What is particularly ironic about the slowness of appointments in the new administration at the sub-cabinet and assistant secretary levels is that the personnel transition process should have been much smoother for the

Bush team than it was when Ronald Reagan took over from the Carter administration.

At that time there was tremendous hostility between the Carter holdovers and the Reagan outsiders. Having served eight years in the Reagan administration, Untermeyer knew most of the key officials of that administration and would have been expected to rely on that knowledge to integrate the new group of Bush supporters with the best holdover talent from the Reagan administration.

Instead, delays in making appointments and the private comments of disgust from many Republicans insiders about how screwed up the appointment process is in the Bush administration suggest that some changes may need to be made soon in the personnel selection process.

Republicans have assumed over the years that, despite long-term Democratic control of the U.S. Congress, they could continue to elect and re-elect Republican candidates for president on a regular basis.

If a national recession were to hit within the next couple of years and if the Democrats are smart enough to nominate a Bill Bradley or a Chuck Robb to run for president in 1992, the Republicans could wake up to a very unpleasant surprise the day after the next presidential election and find themselves not only a minority in Congress but also no longer occupying the White House.

My suspicion is that President Bush's "honeymoon period" is just about over and some very tough choices will reach his desk before long. How he responds when events begin to go against him, as will inevitably happen at some point in his first term, could well determine whether George Bush becomes a two-term president like his predecessor.

Tom Pauken, a Dallas businessman, was formerly director of ACTION.

Dallas Times Herald 6-18-89 A-27



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7-21-89

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Kathy Osborne

Office Of President Ronald Reagan

2121 Avenue of the Stars

Los Angeles, California 90067

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SENDER'S COPY



THE PRESIDENT

July 21, 1989

Dear Ron -

Some of the latest jokes
from Moscow! I thought
you might enjoy the update.
Our trip to Eastern

THE WHITE HOUSE

The Honorable Ronald W. Reagan

Europe was very interesting
and the changes there
are dramatic.

Brian Mulroney
loved seeing you in
Canada. Smelly, George,

IMPRESSED BY PRESIDENT BUSH'S POLITICAL SUCCESS IN CHOOSING HIS "NUMBER TWO" GORBACHEV, WHO NO LONGER HAS A NUMBER TWO, IS REPORTED TO HAVE ASKED THE PRESIDENT BY PHONE HOW HE HAD MADE HIS DECISION,

ACCORDING TO MOSCOW WAGS. THE PRESIDENT REPLIED THAT ONLY THE RIGHT CANDIDATE COULD ANSWER CORRECTLY AN IMPORTANT QUESTION: IF YOUR MOTHER HAS A SON AND ITS NOT YOUR BROTHER WHO IS IT? QUAYLE, SAID THE PRESIDENT, HAD REPLIED, "IT'S ME." GORBACHEV TRIED OUT THIS QUESTION FIRST WITH YEGOR LIGACHEV, HIS FORMER "SECOND SECRETARY," TO SEE WHETHER HE HAD THE NECESSARY INTELLECTUAL POWERS TO FILL THE NUMBER TWO ROLE AGAIN. ASKED THE QUESTION, LIGACHEV, SUSPICIOUS IT MIGHT BE A TRICK, EXCUSED HIMSELF FROM GORBACHEV'S OFFICE, RAN ACROSS THE KREMLIN WHERE HE FOUND BORIS YEL'TSIN, TO WHOM HE REPEATED THE QUESTION. YEL'TSIN REPLIED CONFIDENTLY, "OF COURSE, IT'S ME." SATISFIED HE KNEW THE ANSWER, LIGACHEV RAN BACK TO GORBACHEV'S OFFICE AND BLURTED OUT, "I KNOW THE ANSWER, IT'S BORIS YEL'TSIN!" GORBACHEV QUICKLY CORRECTED HIM. HOWEVER: "NO YOU IDIOT, IT'S DAN QUAYLE!"

GETTING THE RUN AROUND

/-----

TWO GEORGIANS WHO DROVE FROM TBILISI TO MOSCOW RECENTLY TOLD US THAT THEY HAD DRIVEN INTO A GAS STATION IN ROSTOV TO FIND OUT IT HAD A 15 LITER PURCHASE LIMIT. THEY NEEDED 25 LITERS, BUT THE STATION ATTENDANT WOULD NOT AGREE TO SELL THEM MORE GAS EVEN THOUGH IT WAS 2 A.M. OTHER STATIONS WERE CLOSED AND THE CAR'S GAS TANK WAS EMPTY. THE GEORGIANS DID NOT KNOW WHAT TO DO UNTIL THEY SAW ANOTHER CAR LEAVE THE PUMPS AND CIRCLE BACK FROM THE ROAD FOR A SECOND PURCHASE OF 15 LITERS OF GAS. LAUGHING THE TWO GEORGIANS DROVE OUT THE DRIVEWAY AND BACK AGAIN TO FIND THE ATTENDANT WILLING TO MAKE "ANOTHER SALE." WHEN THEY REMARKED TO THE RUSSIANS IN THE OTHER CAR ABOUT HOW LUDICROUS THIS WAS, THE RUSSIANS WITH STRAIGHT FACES REPLIED THAT THIS WAS "NORMAL."

LEARNING WHAT NOT TO DO

/-----

ACCORDING TO A SOVIET MINISTRY OFFICIAL, SOVIET SPECIALISTS RETURNING FROM BUSINESS TRIPS ABROAD ALL GET ASKED AT LEAST TWO QUESTIONS AND ARE GIVEN A PIECE OF ADVICE BY THEIR BOSS THAT REVEALS "OLD THINKING" IS STILL ALIVE IN THE SOVIET BUREAUCRACY.

FIRST QUESTION: "WHAT DID YOU BRING ME?"

SECOND QUESTION: "WHAT DID YOU LEARN?"

ADVICE: "DON'T EVER USE IT."

ONE ANECDOTE HAS GORBACHEV VISITING ESTONIA. WHILE GIVING A SPEECH THERE, HE IS INTERRUPTED BY AN ESTONIAN NATIONALIST WHO ADMONISHES THAT IF GORBACHEV DOES NOT GIVE HIS ADDRESS IN ESTONIAN, RAISA WILL BE MADE TO DISAPPEAR. GORBACHEV CONTINUES IN RUSSIAN ONLY TO HAVE RAISA VANISH FROM THE STAGE IN A PUFF OF SMOKE. UNSWAYED, GORBACHEV TURNS TO THE MAN AND EXPLAINS THAT HE CAN TOP THAT. "IF YOU DON'T BRING BACK RAISA, I'LL MAKE KAMCHATKA SPEAK ESTONIAN."

THROW THE CZARS OUT
/-----

AN OLD WORKER ELECTED TO LAST YEAR'S XIX PARTY CONFERENCE FROM THE URALS PLEASSED HIS BOSS WHEN HE DECLARED HIS INTENTION TO SPEAK OUT AGAINST THE CZARIST RULERS. WHEN ASKED HOW HE WOULD MAKE THE SPEECH RELEVANT TO TODAY, THE WORKER REPLIED: "I WILL, OF COURSE, DENOUNCE THE 300 YEARS OF CZARIST RULE, BUT ESPECIALLY DURING THE LAST 70 THEY HAVE FAILED TO DELIVER ON ANY OF THEIR PROMISES."

THE DEMOCRATIC UNION EXAMPLE
/-----

PARTICIPATION IN SOVIET MAY DAY PARADES IS NOW COMPLETELY VOLUNTARY, A SOVIET JOURNALIST RECENTLY REMARKED. BUT IT TURNS OUT, NOT SURPRISINGLY, THAT PERSUASION IS STILL EMPLOYED BY THE AUTHORITIES. OFFICIAL APPEALS, HOWEVER, DIFFER FROM THOSE OF THE PAST. ONE MOSSOVIET OFFICIAL SAID THAT WHILE ALL EMPLOYEES IN HIS DEPARTMENT WERE TOLD THAT MARCHING IN THE MAY DAY PARADE WAS VOLUNTARY, "IT WAS ENCOURAGED." SUPPORTERS OF THE DEMOCRATIC UNION (AN UNOFFICIAL ORGANIZATION THAT BILLS ITSELF AS AN ALTERNATIVE TO THE CPSU) HAD DEMONSTRATED LAST WEEKEND ON PUSHKIN SQUARE "WITHOUT BEING ASKED" SAID THE BOSS OF THESE MOSSOVIET OFFICIALS. SUPPORTERS OF THE GOVERNMENT AND PARTY "OUGHT TO SHOW THE SAME COMMITMENT."

daily file

THE WHITE HOUSE

WASHINGTON

1989 JUL 20 PM 3:01

RECOMMENDED TELEPHONE CALL

TO: U. S. SENATOR MARK HATFIELD

DATE: Earliest possible date

RECOMMENDED BY: James R. Wray *[signature]*

THROUGH: Andrew Card *[signature]*

PURPOSE: To encourage Senator Hatfield to seek reelection to the United States Senate in 1990.

BACKGROUND: Senator Mark Hatfield (R-OR) is up for reelection in 1990. Senator Hatfield was first elected to the Senate in 1966.

All indications are that Senator Hatfield will seek re-election but he has yet to make a decision publicly. He has said he would make a decision by the end of August.

The NRSC strongly believes that a phone call would convince the Senator to run for a fifth term.

Oregon is a tough state for Republicans and the GOP has not had much electoral success in the state the last several election cycles either at the Congressional level or statewide.

Democrat Governor Neil Goldschmidt and Democrat Congressman Les Aucoin are both up for reelection in 1990. Both would be very strong candidates to pick up the seat for the Democrats in the event Senator Hatfield decides to retire from the Senate next year.

TOPICS FOR DISCUSSION: Will be provided by the Office of Political Affairs

DATE OF SUBMISSION: July 20, 1989 *7-21*

ACTION

*1 got him - think of other things
will have completed 40 years -
think of replacement - looks like it might come Democratic
+ has not think of that*

✓

THE WHITE HOUSE
WASHINGTON

July 21, 1989

Dear Gene:

Many thanks for your great letters and the clipping. We know more than ever the importance of supportive friends. We're glad to count you among them!

Barbara joins in sending best wishes to you and Evie.

Sincerely,



Mr. Eugene F. Williams, Jr.
Suite 506
515 Olive
St. Louis, Missouri 63101

P.S. This is reply to
yours of June 14th (pre
dinner) Love to E.



THE PRESIDENT

7-21-89

Dear Chate -

When I got home
from Poland etc I got
your thoughtful letter
about our follow up when
World Prodigy went around
I'll share the letter

with our key people.

May thanks -

Gy

Good seeing you across
a crowded Rose Garden today.

WASHINGTON, D.C.

The Honorable John H. Chafee
United States Senate
Washington, D.C. 20510

cc: IN & OUT

Reilly, Lujan, Yost

Sununu

Bates

Burmeister

03.

060311

PU



7-21-89

O

P

Y

FROM

ORM

Dear Suzy,

I hope this action
means I'm off your bad
list and high on your
good list. Great seeing

you and John.

All Best

GB /

890724

Mrs. Susy Young
Code CB Astronaut Office
L.B. Johnson Space Center
Houston, Texas 77058

Enclosure: Newspaper clipping from the New York Post for July 21, 1989

cc w/c of enclosure: Jan Burmeister

THE POST ASKS: WHAT DO YOU THINK OF THE U.S.' RETURN TO SPACE?



JOHN TESH, 10, ATLANTA: "I think exploring space is OK as long as they're careful because ... they could get burnt up."



AISHA CARR, 8, BROOKLYN: "It would be an exciting change from staying here and doing the regular thing."



MATTHEW MASLANKA, 7, INWOOD: "Exploration is a good idea. I've been wondering if there's an end to the universe."



ADAM WELLAND, 10, WESTFIELD, N.J.: "If they ... do it successfully, we could have more confidence to explore other places."



BRETT GORDON, 10, SHORT HILLS, N.J.: "I'd want to be on the second spaceship. I'd have them check it out first."



JENNIFER HODGDON, 13, COLORADO: "I'd be afraid the spaceship would crash, but we should know about other places."

BUSH SEES MOON BASE AND MAN ON MARS

By ELI TEIBER

WASHINGTON — Flanked by the first men on the moon, President Bush heralded America's "back to the future" in space yesterday with plans for a moon base and a manned Mars mission in the 21st century.

"For the new century, back to the moon, back to the future, and this time back to stay," Bush declared in an address at the National Air and Space Museum on the 20th anniversary of the historic Apollo mission.

"Our goal is nothing less than to establish the United States as the pre-eminent space-faring nation."

The president set no price tag or timetable for the multibillion-dollar proposals — and the lack of specifics about where the money would come from triggered criticism from Congress which ultimately must approve any funding.

"In sum, Mr. President, there's no such thing as a free launch," quipped Rep. Dick Gephardt (D-Mo.).

Bush left Vice President Dan Quayle the task of developing a budget and

"Back to the moon, back to the future."

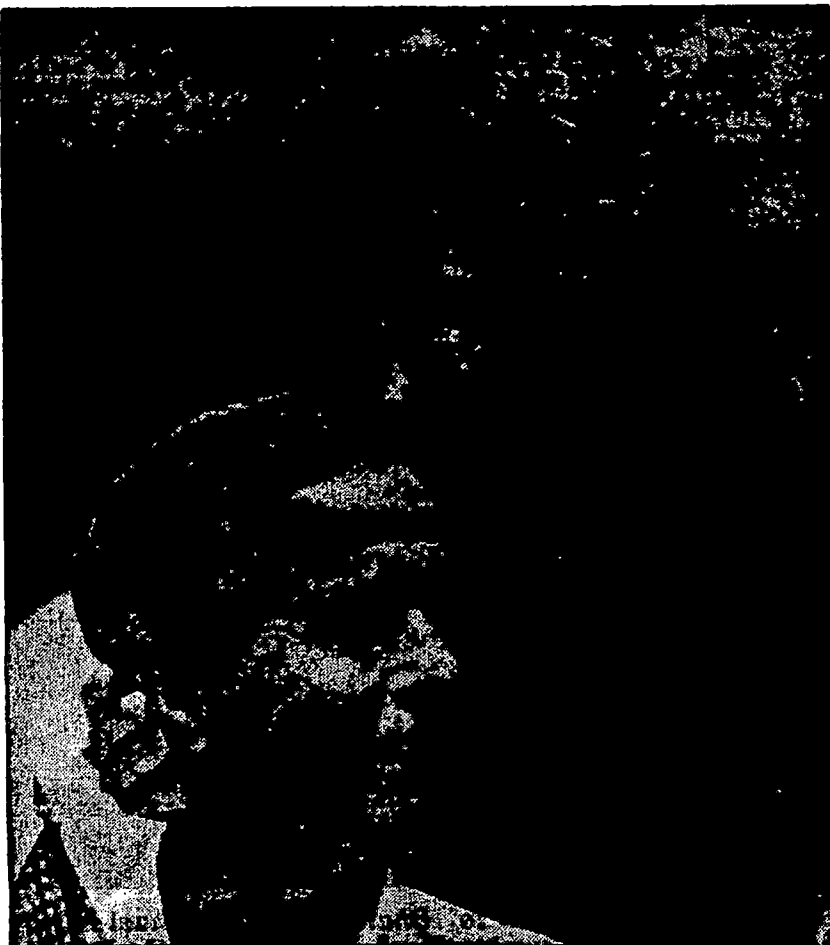
PRESIDENT BUSH

"Why the moon? Why Mars?" Bush asked.

"Because it is humanity's destiny to strive, to seek, to find, and because it is America's destiny to lead."

Bush began his long awaited mid-course correction on America's space program by reliving the dramatic Apollo 11 lunar landing that gripped the nation on July 20, 1969.

But he shifted the focus to the future even as he stood by Neil Armstrong, Buzz Aldrin and Michael



Associated Press

SPACE BASE. The president John Young's wife Susan kisses Pres.

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
10a. Note	From George Bush to Jonathan Bush Re: Menem and Lanus letters [redaction of personal information] (1 pp.)	07/21/89	(b)(6)	

Collection:

Record Group: Bush Presidential Records

Office: Office of the President

Series: Daily Files

Subseries:

WHORM Cat.:

File Location: Friday, July 21, 1989

Date Closed:	6/24/2009	OA/ID Number:	90517-006
FOIA/SYS Case #:	2009-0166-S	Appeal Case #:	
Re-review Case #:		Appeal Disposition:	
P-2/P-5 Review Case #:		Disposition Date:	
AR Case #:		MR Case #:	
AR Disposition:		MR Disposition:	
AR Disposition Date:		MR Disposition Date:	

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C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

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(b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
(b)(9) Release would disclose geological or geophysical information

CAMP DAVID

060392
PP005

7-21-89 roughing it at the Camp.

Dear John,

The letter you sent Menem and Lanus were first
class. That kind of thing really means a lot south of our
border. Glad you took that long long trip..

Thanks so much.

Hastily,

As

FROM
THE WHITE HOUSE
WASHINGTON, D.C.

Mr. Jonathan Bush

(b)(6)

✓ bcc w/c of inc: General Scowcroft
Bridget Montagne
bcc: Jan Burmeister

890724

CAMP DAVID

P

send copy
of John's letter
to Menem to
NSC staff.

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
10b. Letter	From Jonathan Bush to George Bush Re: letters to President Menem and Deputy Minister Lanus [redaction of personal information] (1 pp.)	07/11/89	(b)(6)	

Collection:

Record Group: Bush Presidential Records

Office: Office of the President

Series: Daily Files

Subseries:

WHORM Cat.:

File Location: Friday, July 21, 1989

Date Closed: 6/24/2009	OA/ID Number: 90517-006
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AR Disposition:	MR Disposition:
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- P-1 National Security Classified Information [(a)(1) of the PRA]
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- P-3 Release would violate a Federal statute [(a)(3) of the PRA]
- P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

Freedom of Information Act - [5 U.S.C. 552(b)]

- (b)(1) National security classified information [(b)(1) of the FOIA]
- (b)(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- (b)(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- (b)(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
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- (b)(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- (b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- (b)(9) Release would disclose geological or geophysical information

THE PRESIDENT HAS SEEN

July 11, 1989

JONATHAN BUSH

(b)(6)

Neen George.

Enclosed are copies of
letter dated to President Menem

and reply, minute damage (we
get in the car with damage and his

GEORGE'S wife at the Saturday

Concert.

Following your trip with
Arlene and I.

great enthusiasm.

Fabulous

Love

J

off for Alaska Friday
with Bob and Patty -

great enthusiasm.

Falmer

five

9

off in Alaska Friday
with Buck and Patty -

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
10c. Letter	From Jonathan Bush to Deputy Minister Lanus Re: Concert at Colon Theatre [Spanish version] [redaction of personal information] (1 pp.)	07/11/89	(b)(6)	

Collection:

Record Group: Bush Presidential Records

Office: Office of the President

Series: Daily Files

Subseries:

WHORM Cat.:

File Location: Friday, July 21, 1989

Date Closed: 6/24/2009	OA/ID Number: 90517-006
FOIA/SYS Case #: 2009-0166-S	Appeal Case #:
Re-review Case #:	Appeal Disposition:
P-2/P-5 Review Case #:	Disposition Date:
AR Case #:	MR Case #:
AR Disposition:	MR Disposition:
AR Disposition Date:	MR Disposition Date:

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P-1 National Security Classified Information [(a)(1) of the PRA]
- P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
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- (b)(9) Release would disclose geological or geophysical information

JONATHAN BUSH

(b)(6)

July 11, 1989

Señor Ministro Larín,

Un pequeño mensaje decir
que me dio placer a compartir
con ustedes el sitio de concierto
al Teatro Colón Sábado noche.

Fue una ocasión maravillosa,

Mil afectos a la Señora

Larín y muchas gracias por
vestra hospitalidad,

Con mucho sincero

Jonathan Bush

Dear Minister Lanús,

A note to tell you how much I enjoyed sharing the box with you and Mrs. Lanús at the concert at the ~~Cologne~~^{COLON} Theatre on Saturday night. It was a thrilling occasion, and we were privileged to share it with you.

Please give my regards to Mrs. Lanús, and thank you also for making us feel so welcome.

Kind regards.

Sincerely,

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
10d. Letter	From Jonathan Bush to President Menem Re: United States Delegation's trip to the Inauguration [Spanish version] [redaction of personal information] (1 pp.)	07/11/89	(b)(6)	

Collection:

Record Group: Bush Presidential Records

Office: Office of the President

Series: Daily Files

Subseries:

WHORM Cat.:

File Location: Friday, July 21, 1989

Date Closed: 6/24/2009	OA/ID Number: 90517-006
FOIA/SYS Case #: 2009-0166-S	Appeal Case #:
Re-review Case #:	Appeal Disposition:
P-2/P-5 Review Case #:	Disposition Date:
AR Case #:	MR Case #:
AR Disposition:	MR Disposition:
AR Disposition Date:	MR Disposition Date:

RESTRICTION CODES

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(b)(9) Release would disclose geological or geophysical information

JONATHAN BUSH

(b)(6)

July 11, 1989

Presidente Menem,

Muchas gracias por la multitud de cortesía que todos ustedes han mostrado a la delegación de los Estados Unidos.

Para mí, fue un gran privilegio de asistir a la inauguración, las recepciones, y al esplendido concierto de Sábado noche. Qué maravillosa sera de escuchar a estos ilustres grupos musicales. También, la compañía de ópera fue primer clase. Me gustaba mucho cuando ellos replicaban de nuevo para cantar al himno nacional. Cuenta también.

Escribió a mi hermano de nuestra cortesía y atención

dinámica. Volvimos a casa muy emocionados al respecto de la presidencia Menem. Hay mucha esperanza por nuestro galante país. Toda la delegación es confidente que, con tiempo, la transformación va a ser ardiente, una democracia vigorosa con una empresa floreciente, un dinero en circulación estable y una inflación poco elevada.

Naciones crecen gracia a la determinación de líderes fuertes y somos absolutamente convencidos que Argentina con vuestra visión y fuerza va a crecer.

Seria siempre orgulloso de los hechos que asistió al nacimiento de la Nueva Argentina y que os directamente a las emocionadas reuniones hacia a la acción de su nuevo Presidente noble,

Votei hoje que os orgulhos e as
Súas Mementos e vultuos deus deus
meus, Vira a ser esplanados
após.

Com gran respeito e afeição para
vuestro triunfo.

Com muito sucesso,

Jonathan Bush

Dear President Menem,

Thank you so very much for the many courtesies shown to the United States delegation by you and all of your people.

It was a great privilege for me to attend the Inauguration, the receptions, and the splendid concert on Saturday night. What a treat it was to hear those grand singing groups, and the opera company was first rate. I was very glad they returned to sing the National Anthem. I even sang myself.

I have written my brother of your warmth, your courtesy, and your dynamic leadership. We returned home thrilled at the prospect of the Menem presidency. There is great hope for your gallant country, and ~~all~~^{all} of us in the delegation are confident that in time you will make the transformation a bold, strong democracy with thriving enterprise, a stable currency, and low inflation.

Nations rise through the determination of strong leaders, and we are absolutely convinced that Argentina, through your vision and your courage, will rise and walk.

I shall always feel proud that I was present at the birth of the new Argentina and listened first hand to the stirring rally to action of her noble new President.

You must have been proud of Mrs. Menem and your two handsome children. What splendid support they will be.

With kind regards and prayers for your success.

Sincerely,

CD

060324
ME001-03

July 21, 1989

C O P Y
from ORM

Dear Mr. and Mrs. Fangman:

Barbara and I were deeply saddened to learn of your son's death, and we send our heartfelt sympathy to you. Sergeant Christopher P. Fangman served his country with honor, dignity, and courage, earning the enduring gratitude of all Americans.

I know the love of family and friends will comfort you at this difficult time. We will keep you in our thoughts and prayers. God bless you.

Sincerely,

GEORGE BUSH

Mr. and Mrs. Linus W. Fangman
8805 South 45th Avenue
Omaha, Nebraska 68157

GB/KH/SMG/7PF2 dss
P-05A

cc: Tony Lopez

890722

OFFICE OF THE SECRETARY OF DEFENSE

17 July 89

MEMO FOR Director, WHMD

SUBJECT: Notification of Death of Active Duty
Servicemembers

Forwarded for appropriate action are four memorandums
subject as above.

Attachments



R.P. MOSQUEDA
White House Liaison

Approved
Di. [Signature]



DEPARTMENT OF THE ARMY
OFFICE OF THE SECRETARY OF THE ARMY
WASHINGTON, D.C. 20310-0101

(40)



DAEC-CA

14 July 1989

1 of 4
letters

MEMORANDUM THRU: EXECUTIVE SECRETARY, DOD

FOR: DIRECTOR, THE WHITE HOUSE MILITARY OFFICE

SUBJECT: Notification of Death of Active Duty Servicemember

Name: Christopher P. Fangman

Rank: Sergeant

Service: Nebraska Army National Guard

Duty Station: 1st Battalion, 167th Cavalry Squadron

Date of Death: 11 July 1989

Circumstances: Sergeant Fangman was killed on 11 July at a maneuver training area in Colorado when the Armored Personnel Carrier in which he was riding threw a track causing the vehicle to overturn, crushing him.

Primary Next-of-Kin:

Full Name: Mr. and Mrs. Linus W. Fangman

Relationship: Parents

Mailing Address: 8805 South 45th Street, Omaha, NE 68157

KH
P-5A
Dear Mr. and Mrs. Fangman:
1. son's
2. Sergeant Christopher P. Fangman
3. his

|| mail
to

Avenue

||

for John W. Rocks, LTC

BILLY T. BROOKS
Colonel, GS
Director, Executive
Communications and Control

CC// Tony Lopez

CD

060342
ME 001-03

July 21, 1989

C O P Y
from ORM

Dear Mr. and Mrs. Sawatzki:

Barbara and I were deeply saddened to learn of your son's death, and we send our heartfelt sympathy to you. Specialist Gabriel Sawatzki served his country with honor, dignity, and courage, earning the enduring gratitude of all Americans.

I know the love of family and friends will comfort you at this difficult time. We will keep you in our thoughts and prayers. God bless you.

Sincerely,

GEORGE BUSH

Mr. and Mrs. John J. Sawatzki, Jr.
4473 H Street
Omaha, Nebraska 68107

GB/KH/SMG/7PF2 dss
P-05A

cc: Tony Lopez

890722

OFFICE OF THE SECRETARY OF DEFENSE

17 July 89

MEMO FOR Director, WHMO

SUBJECT: Notification of Death of Active Duty
Servicemembers

Forwarded for appropriate action are four memorandums
subject as above.

Attachments



R.P. MOSQUEDA
White House Liaison

Approved
En: [Signature]



DEPARTMENT OF THE ARMY
OFFICE OF THE SECRETARY OF THE ARMY
WASHINGTON, D.C. 20310-0101



(2)

DAEC-CA

14 July 1989

1 of 4 letters

MEMORANDUM THRU: EXECUTIVE SECRETARY, DOD

FOR: DIRECTOR, THE WHITE HOUSE MILITARY OFFICE

SUBJECT: Notification of Death of Active Duty Servicemember

Name: Gabriel (NMI) Sawatzki

Rank: Specialist

Service: Nebraska Army National Guard

Duty Station: 1st Battalion, 195th Armor

Date of Death: 11 July 1989

Circumstances: Specialist Sawatzki was killed on 11 July at a maneuver training area in Colorado when the Armored Personnel Carrier in which he was riding threw a track causing the vehicle to overturn, crushing him.

Primary Next-of-Kin:

Full Name:

Mr. and Mrs. John J. Sawatzki, Jr. || mail to

Relationship:

Parents

Mailing Address:

4473 H Street, Omaha, NE 68107 ||

KH
P-5A
Dear Mr. and Mrs. Sawatzki
1. Son's
2. Specialist Gabriel Sawatzki
3. his

Billy T. Brooks

BILLY T. BROOKS
Colonel, GS
Director, Executive
Communications and Control

cc// Tony Lopez

CD.

060341
ME 001-03

July 21, 1989

C O P Y
FROM ORM

Dear Mrs. Haney:

Barbara and I were deeply saddened to learn of your husband's death, and we send our heartfelt sympathy to you. CW3 Jerry L. Haney served his country with honor, dignity, and courage, earning the enduring gratitude of all Americans.

I know the love of family and friends will comfort you at this difficult time. We will keep you in our thoughts and prayers. God bless you.

Sincerely,

GEORGE BUSH

Mrs. Carolyn L. Haney
3400 Minor Drive
Clarksville, Tennessee 37042

GB/KH/SMG/7PF2 dss
P-05A

cc: Tony Lopez

890722

OFFICE OF THE SECRETARY OF DEFENSE

17 July 89

MEMO FOR Director, WHMO

SUBJECT: Notification of Death of Active Duty
Servicemembers

Forwarded for appropriate action are four memorandums
subject as above.

Attachments



R.P. MOSQUEDA
White House Liaison

Approved
Di. [Signature]



DEPARTMENT OF THE ARMY
OFFICE OF THE SECRETARY OF THE ARMY
WASHINGTON, D.C. 20310-0101

(h)



1 of 4 letters

DAEC-CA

13 July 1989

MEMORANDUM THRU: EXECUTIVE SECRETARY, DOD *1/14/89*
FOR: DIRECTOR, THE WHITE HOUSE MILITARY OFFICE
SUBJECT: Notification of Death of Active Duty Servicemember

Name: Jerry L. Haney

Rank: CW3

Service: United States Army

Duty Station: 2d Battalion, 2d Aviation Rgt, 2d Infantry Division,
Korea

Date of Death: 6 July 1989

Circumstances: CW3 Jerry L. Haney was killed on 6 July when his
helicopter struck power lines and crashed.

Primary Next-of-Kin:

Full Name: Mrs. Carolyn L. Haney

Relationship: Wife

Mailing Address: 3400 Minor Drive, Clarksville, TN 37042

// mail to

cc// Tony Lopez

Billy T. Brooks

BILLY T. BROOKS
Colonel, GS
Director, Executive
Communications and Control

CD.

060338
ME 001-03

C O P Y
FROM ORM

July 21, 1989

Dear Mr. and Mrs. Gearhart:

Barbara and I were deeply saddened to learn of your son's death, and we send our heartfelt sympathy to you. Lieutenant Bryce E. Gearhart served his country with honor, dignity, and courage, earning the enduring gratitude of all Americans.

I know the love of family and friends will comfort you at this difficult time. We will keep you in our thoughts and prayers. God bless you.

Sincerely,

GEORGE BUSH

Mr. and Mrs. Gilbert E. Gearhart
7810 Weaver Drive
Beaumont, Texas 77706

GB/KH/SMG/7PF2 dss
P-05A

cc: Tony Lopez

890722

OFFICE OF THE SECRETARY OF DEFENSE

17 July 89

MEMO FOR Director, WHMO

SUBJECT: Notification of Death of Active Duty
Servicemembers

Forwarded for appropriate action are four memorandums
subject as above.

Attachments



R.P. MOSQUEDA
White House Liaison

Approved
Gi. [Signature]



DEPARTMENT OF THE NAVY
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20350-1000

1 of 4
letters

14 July 1989

MEMORANDUM FOR THE DIRECTOR, WHITE HOUSE MILITARY OFFICE

Via: Executive Secretary, Office of the Secretary of Defense

7/14/89

Subj: NOTIFICATION OF DEATH OF ACTIVE DUTY SERVICEMEMBER

Name: Bryce E. Gearhart

Rank: LTJG (Lieutenant Junior Grade)

Service: U.S. Navy

Duty Station: Training Squadron Two Five, Beeville, Texas

Date and Time of Death: 10 July 89/0900

Circumstances: Aircraft in which he was the pilot impacted ground with no apparent ejection.

Primary Next-of-Kin:

Full Name: Mr. and Mrs. Gilbert E. Gearhart

Relationship: Parents

Mailing Address: 7810 Weaver Drive
Beaumont, Texas 77706

KH
P-5A
Dear Mr. and Mrs. Gearhart:
1. son's
2. Lieutenant
Bryce E. Gearhart
3. his

mail
to

for Carey
G. ROUGHEAD
Commander, U.S. Navy
Administrative Aide to the
Secretary of the Navy

cc/ Tony Lopez

051734

DI001

7-21-89



THE PRESIDENT

Dear Chate -

When I got home
from Poland etc I got
your thoughtful letter
about our follow up when
World Prodigy went around
I'll share the letter

with our key people.

May thanks -

[Signature]

890725

Good seeing you across
a crowded Rose Garden today.

WASHINGTON, D.C.

The Honorable John H. Chafee
United States Senate
Washington, D.C. 20510

cc: IN & OUT

✓ Reilly, ✓ Lujan, ✓ Yost

✓ Sununu

✓ Bates

✓ Burmeister

C O P Y
from ORM

THE WHITE HOUSE
WASHINGTON, D.C.

The Honorable William K. Reilly
Environmental Protection Agency
Administrator
401 M Street, SW
Washington, D.C. 20460

Bill - well Done -
The President *cy*

FROM
THE WHITE HOUSE
WASHINGTON, D.C.

The Honorable Manuel Lujan, Jr.
Secretary
Department of the Interior
18th & C Streets, NW
Washington, D.C. 20240

Manuel -
well Done -
The President *cy*

Paul
well Done -
The President
GB

FROM
THE WHITE HOUSE
WASHINGTON, D.C.

Admiral Paul A. Yost, Jr.
Commandant, USCG
Coast Guard Headquarters
2100 2nd Street, SW
Washington, D.C. 20593-0001

cc: IN & OUT

✓ Reilly, ✓ Lujan, ✓ Yost

✓ Sununu

✓ Bates

✓ Burmeister



UNITED STATES SENATE
WASHINGTON, D. C.

JOHN H. CHAFEE
RHODE ISLAND

July 6, 1989

The President
The White House
Washington, DC

Dear Mr. President:

When the mammoth tanker "World Prodigy" ran onto Brenton's Reef on Friday afternoon, June 23, the potential for an ecological disaster was great.

Because of your swift action in ordering all branches of the federal government to report immediately and to use all possible equipment to assist their efforts, the damage was limited.

We are particularly grateful to the Coast Guard which took immediate control and did a superb job.

We are also grateful to representatives of your office, plus Secretary Lujan and Administrator Bill Reilly, who came immediately to Newport and performed in splendid fashion.

Thank you for all you did.

Sincerely,

John H. Chafee
United States Senator

Great job!

1/ CLAIBORNE PELL
RHODE ISLAND

United States Senate

WASHINGTON, DC 20510

June 26, 1989

F. McClure

Cop

*cc
Yost*

Dear Mr. President:

Just a short note to thank you ever so much for sending your team up to Newport last Friday night following the oil spill off Brenton Reef.,

The Coast Guard did an outstanding job in responding and, as a result, the clean up was speedy and the damage kept to a minimum.

With warm regards and renewed thanks,
I am

Ever sincerely,

Claiborne
Claiborne Pell

The President
The White House
Washington, D.C. 20500

THE PRESIDENT HAS SEEN

THE WHITE HOUSE
WASHINGTON

July 21, 1989

COPY
from ORN

Dear Pat:

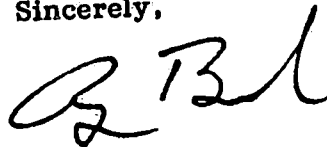
Thanks for your kind letter. Barbara and I enjoyed having you at the White House, and we hope that you had as good a time as we did.

Pat, I want you to know that I understand and share your concerns regarding the Civil Liberties Act of 1988. Be assured that my Administration is working to carry out the provisions of the legislation as expeditiously and efficiently as possible.

The Act requires that the Department of Justice, before making any payments, identify, locate, and verify the eligibility of tens of thousands of Japanese Americans who will receive compensation. Additional funds have been allocated by the Congress in order to complete this process. Once verification is completed, the Justice Department will begin to make payments at the mandated level of \$20,000 per person, starting with the oldest person. So, please tell your brother that he is not forgotten, and we are moving as quickly as possible to begin making payments.

Thanks for bringing your concerns to my attention. Barbara joins me in sending our warmest best wishes.

Sincerely,



Mr. N. Patrick Morita
Suite 104
6815 Willoughby
Los Angeles, California 90038



PRODUCTIONS INC

N. PATRICK MORITA
PRESIDENT

6815 WILLOUGHBY AVE • SUITE 104
LOS ANGELES • CALIFORNIA • 90038

(213) 467-9330

May 7, '89

HÔTEL PLAZA ATHÉNÉE

NEW YORK

Dear Mr. President and Madame First Lady—

Please pardon my delay in expressing my gratitude to you both for inviting me to dinner at the White House, Friday the 28th last month.

Your warmth and genuine hospitality will be treasured always. To be considered a friend of the Bush Household is an honor and a privilege.

However, Mr. President, with all due delayed apologies aside, I would be most remiss in not taking small advantage of our personal relationship were I not to take this opportunity to ask you to do whatever you can to move the Japanese-American redress machinery along and help to implement its final resolution as best you can. I ask this not for myself, but rather, for those aging Nisei like my only brother who not only bore the brunt of survival during that horrible time but, more importantly are now at that age — their late sixties and seventies — when those monies due them would now be most helpful.

Thanking you and Barbara for your every consideration, and truly looking forward to spending another wonderful time with you both, I am your friend and supporter,



A TRUSTHOUSE FORTE EXCLUSIVE HOTEL

one of The Leading Hotels of the World

Pat Morita



THE PRESIDENT

July 21, 1989

Dear Win,

Thanks for sharing Dad's letter with me. He was a thoughtful guy.

Barbara joins me in sending our best wishes, with appreciation for your warm words.

Sincerely,

so nice

FROM
THE WHITE HOUSE
WASHINGTON, D.C.

Mr. Winthrop H. Smith, Jr.
1777 F Street, N.W.
Washington, D.C. 20006

890722

8
info:
Jan Burman
Merrill Lynch, 47332
Pierce, Fenner & Smith Inc.

1100 Connecticut Avenue, N.W.
Washington, DC 20036
202 659 4880
FAX 202 659 3099

ML
Merrill Lynch

Winthrop H. Smith, Jr.
Senior Vice President and
Regional Director
Mid Atlantic Region

June 20, 1989

The President
The White House
Washington, D.C. 20500

Dear Mr. President,

As we were preparing to move from Washington back to Greenwich, Connecticut, I found a letter your father sent to my mother many years ago. It is a very thoughtful note, and one which you might enjoy reading. I have enclosed a copy.

Just as my father admired yours, the current generation of Smith's appreciate and admire the leadership you and Mrs. Bush are providing our fine country.

Very respectfully yours,

Win Smith

WHS:mgg

Enclosure

PRESCOTT BUSH
CONNECTICUT

United States Senate

WASHINGTON, D. C.

January 11, 1961

Dear Mrs. Smith:

I note with deep regret, the passing of your fine husband, and I hasten to send you assurances of my warm sympathy and understanding of your feelings at this difficult time.

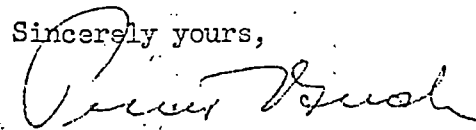
I know that Win had been very ill. I have talked with some of his partners about it, and only recently George Garrett here in Washington. I regret very much that in the last year I had not seen Win, because I regarded him as a good friend and supporter.

In my first year in the United States Senate he invited me to the Alfalfa Club dinner. Then he invited me two or three years consecutively, and finally they elected me a member. I recall very well how Win enjoyed those Alfalfa Club dinners here in Washington. I wish he were going to be with us this year.

I hope our paths may cross one day so that I can tell you personally, how much I think of your wonderful husband.

With kind personal regards, I am

Sincerely yours,



Prescott Bush
U. S. S.

Mrs. Winthrop Hiram Smith
Litchfield, Connecticut

THE WHITE HOUSE

WASHINGTON

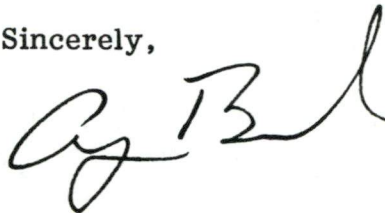
July 21, 1989

Dear Miss Hennes:

Thank you very much for the framed print, "Leigh Lake Reflections," which I received during my trip to Grand Teton National Park. This reproduction of your original work, depicting a view of the magnificent scenery of the region, is a wonderful reminder of my visit.

With my appreciation for your kind gesture, and with best wishes,

Sincerely,

A handwritten signature in dark ink, appearing to read "George Bush", written in a cursive style.

Miss Joanne Hennes
Post Office Box 151
Jackson, Wyoming 83001

THE WHITE HOUSE
WASHINGTON

July 21, 1989

Dear Diane:

Barbara and I were sorry to hear of Jim's death. The days ahead will not be easy, but we hope you'll take comfort in knowing that your many friends are standing by to help in any way.

We send our family love and condolences to you and yours.

Sincerely,

Ag Bush
We're so very sorry

Mrs. Diane H. Linen
212 Nottingham Road
Richmond, Virginia 23221



THE WHITE HOUSE

WASHINGTON

July 21, 1989

Dear Dodie,

This July 28 will be special for you and for us because you'll be "officially" added to the roll as a United States citizen. Even though you have been so in your heart for quite some time, there's something about making it final.

Barbara and I send our warmest official welcome, and best wishes to you and Brian on this important occasion. Of course, we're doubly glad you're also a resident of that great State of Maine!

Sincerely,

Gay Bush

Mrs. Doris C. Phillips
60 Great Hill Road
Kennebunk, Maine 04043

FROM
THE WHITE HOUSE
WASHINGTON, D.C.

Mr. Brian H. Phillips
Post Office Box 797
Kennebunkport, Maine 04046

THE WHITE HOUSE

WASHINGTON

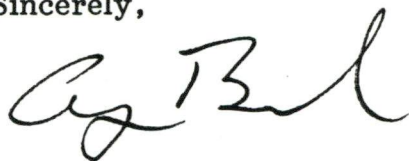
July 21, 1989

Dear Mr. Daniels:

I enjoyed meeting you when you came to the White House with Senator Helms -- and thanks for presenting me with your painting, "Complete the Mission." I'm pleased to have this vivid reminder of my military service, and your kindness in sharing your work with me is greatly appreciated.

With my best wishes,

Sincerely,

A handwritten signature in dark ink, appearing to read "George Bush". The signature is fluid and cursive, with the first name "George" written in a larger, more prominent script than the last name "Bush".

Mr. Steve Daniels
Rural Route 70, Box 32
Highway 64 West
Cashiers, North Carolina 28717



THE PRESIDENT

July 21, 1989

Dear Bernice,

Many thanks for your nice note and old postcards. Kennebunkport is still a special haven for the entire Bush family.

Barbara joins in sending best wishes to you and yours, with appreciation for your thoughtfulness.

Sincerely,

FROM
THE WHITE HOUSE
WASHINGTON, D.C.

Ms. Bernice Coffman
One Oak Street
Rumford, Maine 04276

THE WHITE HOUSE

WASHINGTON

July 21, 1989

Dear Amalie:

Many thanks for your nice note and the copy of Wellesley Magazine. Your story brought back some wonderful memories, and I'm sure Nan would say the same about your interview with her.

As you know, family will always be most important to me. Warm wishes.

Sincerely,

A handwritten signature in cursive script, appearing to read "Ag Bush".

Mrs. Amalie M. Kass
Todd Pond Road
Lincoln, Massachusetts 01773

THE WHITE HOUSE

WASHINGTON

July 21, 1989

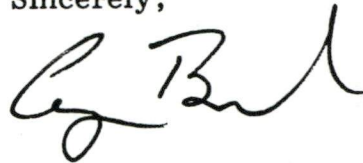
Dear Mr. and Mrs. Romeu:

It is with great pleasure that Barbara and I send our heartfelt congratulations on your 80th wedding anniversary. God has truly blessed this union of love, and we join with your children, grandchildren, great-grandchildren and great-great-grandchildren in honoring you on this very special occasion.

You surely know the many challenges and blessings that total commitment to another person entails, and you have been wonderful role models to all who have known you during your eight decades of married life. May you share more anniversaries with those who love you.

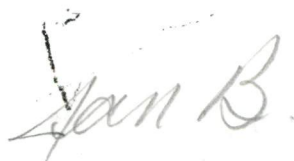
God bless you.

Sincerely,



Mr. and Mrs. Armando A. Romeu
Room 208
Glen Bayou Nursing Home
8820 Town Park Street
Houston, Texas 77036

890721





THE PRESIDENT

7-21-89

Dear Mr. Flato,
Amb. Negroponte sent
along your note. Bob was,
indeed, a very close friend.
We never roomed together

at Yale, since my
roommate was Barbara
but we were very good
close friends -

Thanks again -

Sincerely,

Cap But

Mr. Paul Flato
Flato, S.A.
Amberes 21
Mexico 6, D.F.

bcc w/c of inc: Governor Sununu
General Scowcroft
Jan Burmeister

THE WHITE HOUSE

WASHINGTON

July 21, 1989

Dear Bob,

Though you may never get to see all the results of your touching young lives during twenty years as a teacher, counselor and principal in the Lutheran school system, that dedication and your service that followed as Executive Secretary of Education for the Kansas District will never be forgotten.

I'm delighted to add my congratulations to those of your family, friends and constituents as you conclude a total of forty years of self-sacrifice and commitment in the field of parochial education.

Barbara joins me in sending best wishes for not only continued fulfillment in all your new ventures, but also some well-deserved rest and quality recreation.

Sincerely,

George Bush

Mr. Robert L. Eggold
Kansas District
The Lutheran Church--Missouri Synod
2318 West Tenth Street
Topeka, Kansas 66604

Pool Report of Bush's meeting with President of the Seychelles

July 21, 1989

Bush held an Oval Office meeting with France Albert Rene, president of the Seychelles.

He halted the first attempted question~~x~~ after the words "Mr. President." He gave his standard line, "We don't take questions...."

While photo dogs clicked, he talked with Rene about the 20th anniversary celebration of the Apollo lunar landing, explaining that he had the ~~asked~~ astronauts over for a barbeque.

Attending the session: Scowcroft, Eagleberger, and Gates,

Lee, USA Today

Bush8

Pool Report of Bush's Speech on 20th Anniversary
of Apollo 11 Lunar Landing

July 20, 1989

~~As the~~ Apollo crewmen Neil Armstrong, Buz Aldrin and ^{Mike} Collins stood near Apollo 11 to await the president. All looked, tanned, trim and fit. One striking thing: Armstrong now has gray hair.

President Bush appeared to tower over the three when he walked in accompanied by Mrs. Bush and the Quayles. Shaking hands all around, Bush told the astronauts how good they looked and talked of nominating Collins for a "best dressed award."

The astronauts, Bush and Quayle then posed for photos in front of the spacecraft. Bush and the crewmen chatted. ~~Quayle stood awkwardly aloof with a fixed smile.~~ Quayle stood ~~at~~ awkwardly aloof with a fixed smile.

A TV pooler asked, "On such an auspicious occasion as this, has the dream run into reality? The dream of exploration?"

~~He answered~~ Bush answered, "This is a photo op. Stay tuned. I don't want to ~~ruin~~ ruin my speech by giving you too much in advance."

When your pool later asked ~~Bush~~ Bush if he'd like to be the first president to fly in space, he ~~was~~ quipped, "I think I am flying in ~~space~~ space sometimes with this Congress."

The Bushes, ~~Quayles~~ Quayles and crewmen then headed to their holding room.

Speech coverage was open.

Return to White House was uneventful except for two interesting nuggets.

~~Bush~~ The Bushes and Quayles rode back in the same limo -- your pool was told that this is highly unusual.

Among the tourists gathered along Independence Avenue stood one woman holding up a copy of the Washington Post from 1969 with the banner headline: "The Eagle has landed."

Lee, USA Today



THE PRESIDENT

July 21, 1989

Dear Win,

Thanks for sharing Dad's letter with me. He was a thoughtful guy.

Barbara joins me in sending our best wishes, with appreciation for your warm words.

Sincerely,

so nice

FROM
THE WHITE HOUSE
WASHINGTON, D.C.

Mr. Winthrop H. Smith, Jr.
1777 F Street, N.W.
Washington, D.C. 20006

THE WHITE HOUSE

WASHINGTON

July 21, 1989

Dear Richard:

Many thanks for your good letter and for sharing the video. We will view the awards program with interest. As you know, country music has always been a Bush favorite.

Best wishes, with appreciation for your kind words of support.

Sincerely,



Mr. Richard C. Thrall
Producer
Music City News Country Awards
22nd Floor
75 Rockefeller Plaza
New York, New York 10019